

AUTOMOTIVE EXECUTIVE

Official
Publication
of the National
Automobile
Dealers
Association

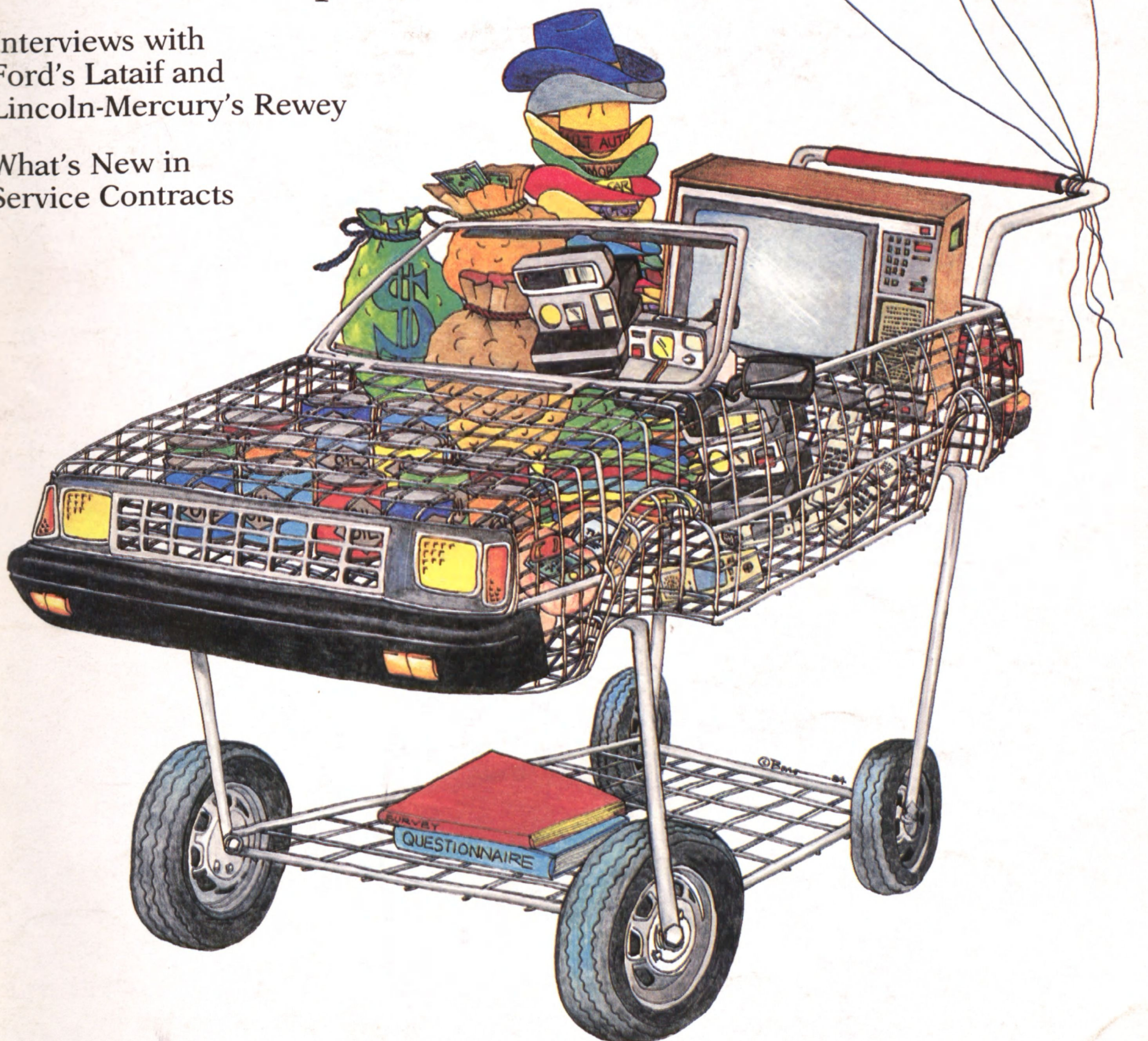
June 1984

SUPERMARKET

50 Nifty Ideas
From 20 Groups

Interviews with
Ford's Lataif and
Lincoln-Mercury's Rewey

What's New in
Service Contracts



A U T O M O B I L E



Our policy is simplicity.

There are two kinds of insurance coverage for the business you're in.

One is the kind you have: most likely a patchwork of two, three or even more policies designed for businesses in general. You're paying for coverage you don't need. And you can't add coverage you want without attaching even more policies.

The other kind of coverage is ours. A specialized business insurance concept started in 1922. Our single policy offers all the coverage you need now with the built-in flexibility to add coverage without adding policies. You pay for the coverage you need now and no more until you need more.

(For more information circle #26)

Our policy works. Because our policy is designed specifically for the automobile dealership.

It's that simple.

The Specialists.



**UNIVERSAL UNDERWRITERS
GROUP**

5115 Oak Street, Kansas City, MO 64112

Phone toll-free 1-800-821-7803 Ask for Marsha Thompson

One of the best salesmen on your sales floor isn't on the floor. It's in the car.

And look what it accomplishes...



Tilt-Wheel sells cars. Lots of them. Today, seven of every ten new GM cars are sold with Tilt-Wheel. And more Tilt-Wheels than ever are being ordered on smaller GM cars. It gives you a selling advantage that most imports and many other small cars don't even offer.

Tilt-Wheel adds profit. It adds a profit while adding little to inventory cost—and nothing to overhead—on new and used cars. Tilt-Wheel Steering can help those cars sell faster, too.

Tilt-Wheel builds customer satisfaction. Tilt-Wheel is virtually trouble-free. It adds comfort, convenience and helps people feel good about their cars. And those satisfied customers buy Tilt-Wheel-equipped cars again—nine out of ten times.

Tilt-Wheel offers buyers a lot for the money. It's one of today's great bargains at just \$110 MSRP, while returning up to \$100 at resale, based on current used car guides.

**Put Tilt-Wheel
to work selling your new GM cars
and light trucks.**



Tilt-Wheel

It does so much...
yet costs so little.



Can A Service Management Computer System Improve Service Department Profits?

Comebacks are expensive. Every one costs your service department time and labor.

There's the expense of re-doing the job. The lost opportunity to sell time and labor taken up by the comeback repair. And, too often, comeback customers never return for future work, costing you even more lost business.

In many instances, service department problems are a direct result of pressure. Early morning rushes. Endless paper-



work. Missed cues between dispatchers and technicians. Not to mention no-show appointments. Confusing labor billing policies. Or technician work schedules that seem to change daily.

It's no wonder many dealers think of their service department as a necessary evil. Trying to generate a profit from the shop can often generate a headache.

Automation.

Computers have proven their worth in the administrative offices of virtually every dealership in the country. From payrolls to mailing lists, there isn't a successful dealer today who doesn't rely on one. To improve productivity. To track orders. To balance the books.

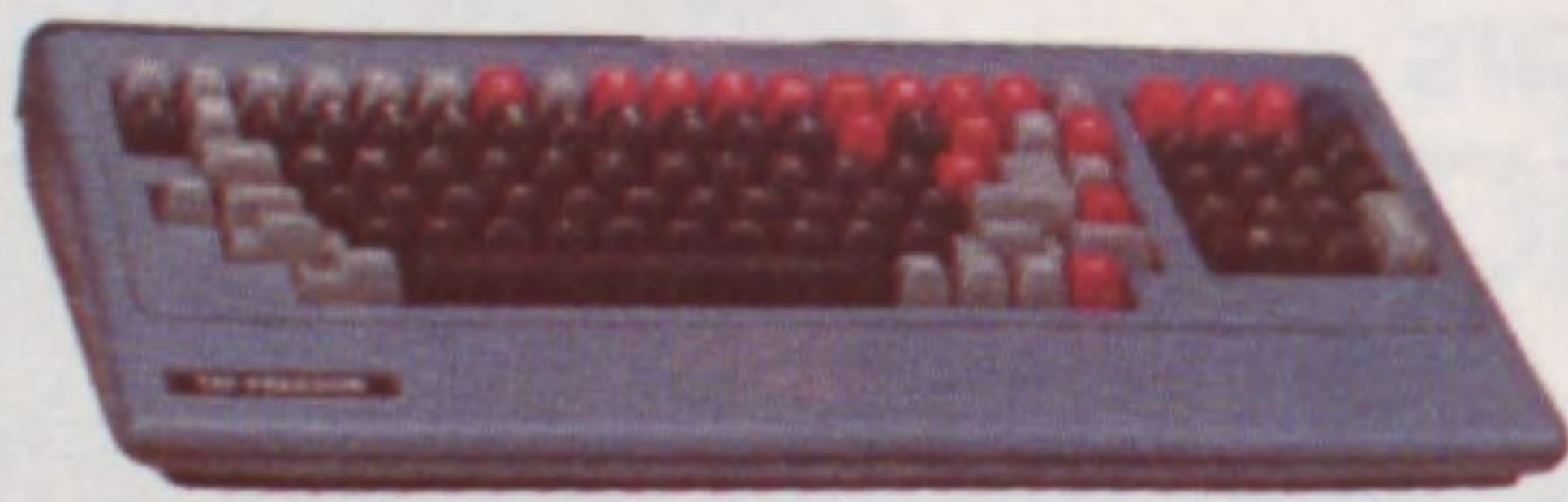
Now, that same kind of help is available for the service department. We're Tricom Systems Corp., the industry's fastest grow-

ing service management computer company.

Our *Tri-Freedom* systems have been developed through years of field testing to provide dealers all across the country with straight-forward solutions to service department problems.

Like assigning RO's to technicians qualified to do the job right the first time.

Like eliminating the bedsheet dispatch forms that can create service advisor havoc.



And especially, by automatically solving less-obvious

problems that are preventing bottom line returns from service department investments.

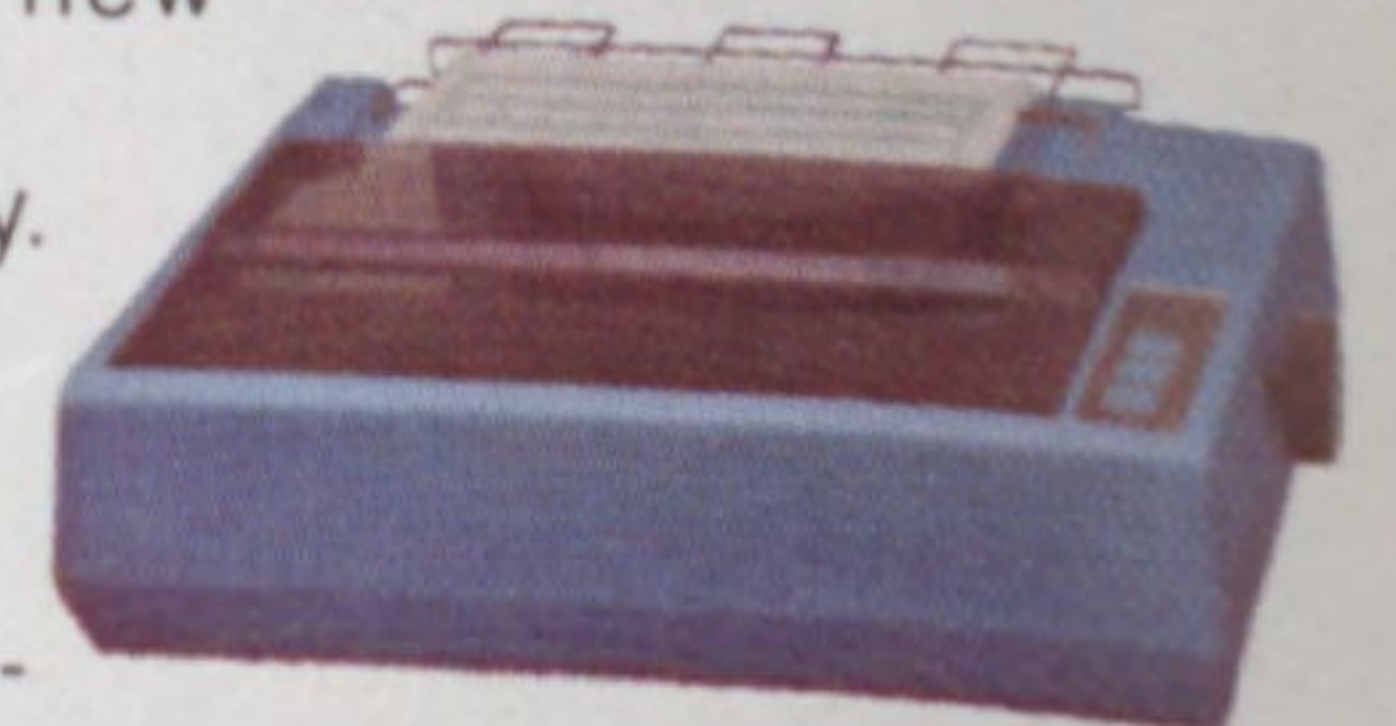
Beyond Automation.

We're not foolish enough to believe that a computer, even sophisticated systems like ours, can improve the quality of a technician's work. It takes more than that to prevent comebacks.

That's why Tricom Systems has a team of field specialists who have the ability . . . and responsibility . . . to help. To help identify your service department's problems. To help recommend the appropriate *Tri-Freedom* system that best addresses those problems. To train your people not just in how to work with the equipment. But in how to work with your technicians and customers as well.

Tricom is the solutions company. We know that the pressures of managing a profitable service department seem to cause new problems almost daily.

We also know that a *Tri-Freedom* computer system, designed to meet your service department's specific needs, can help solve many of those problems. And, eliminate some new problems you haven't even discovered yet.

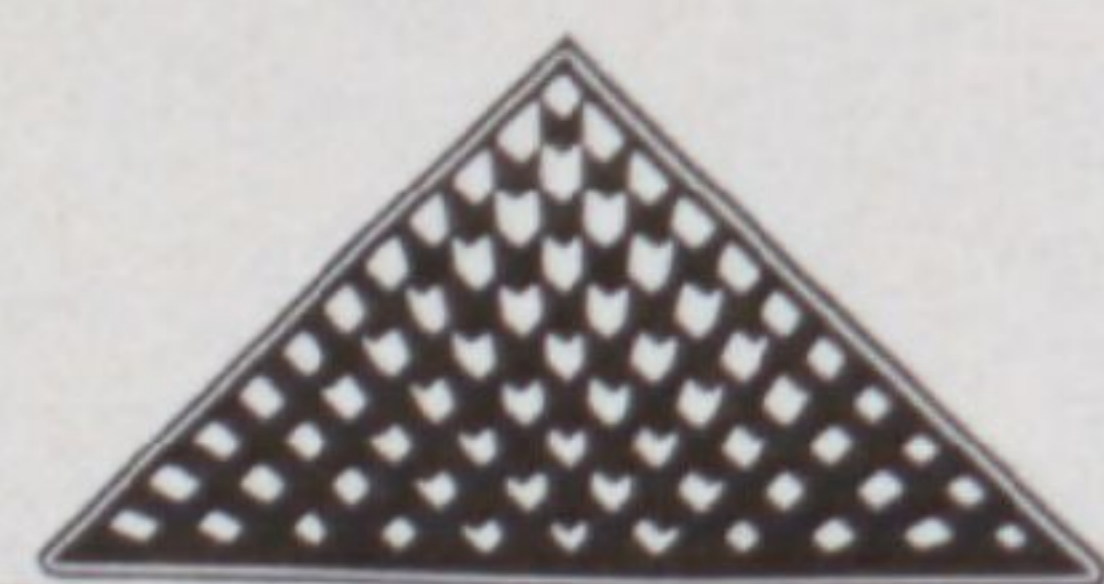


On-Site Installation, Service.

We don't like comebacks any more than you do. Our field representatives work hard to prevent them. Should any problem arise, we've got a 24-hour, toll-free telephone number for you to call. You'll get quick response.



Interested? Find out how a service management computer system can help improve the quality of your technicians' work by calling toll-free: **1-800-621-6977** (in California, call 1-800-621-9579).



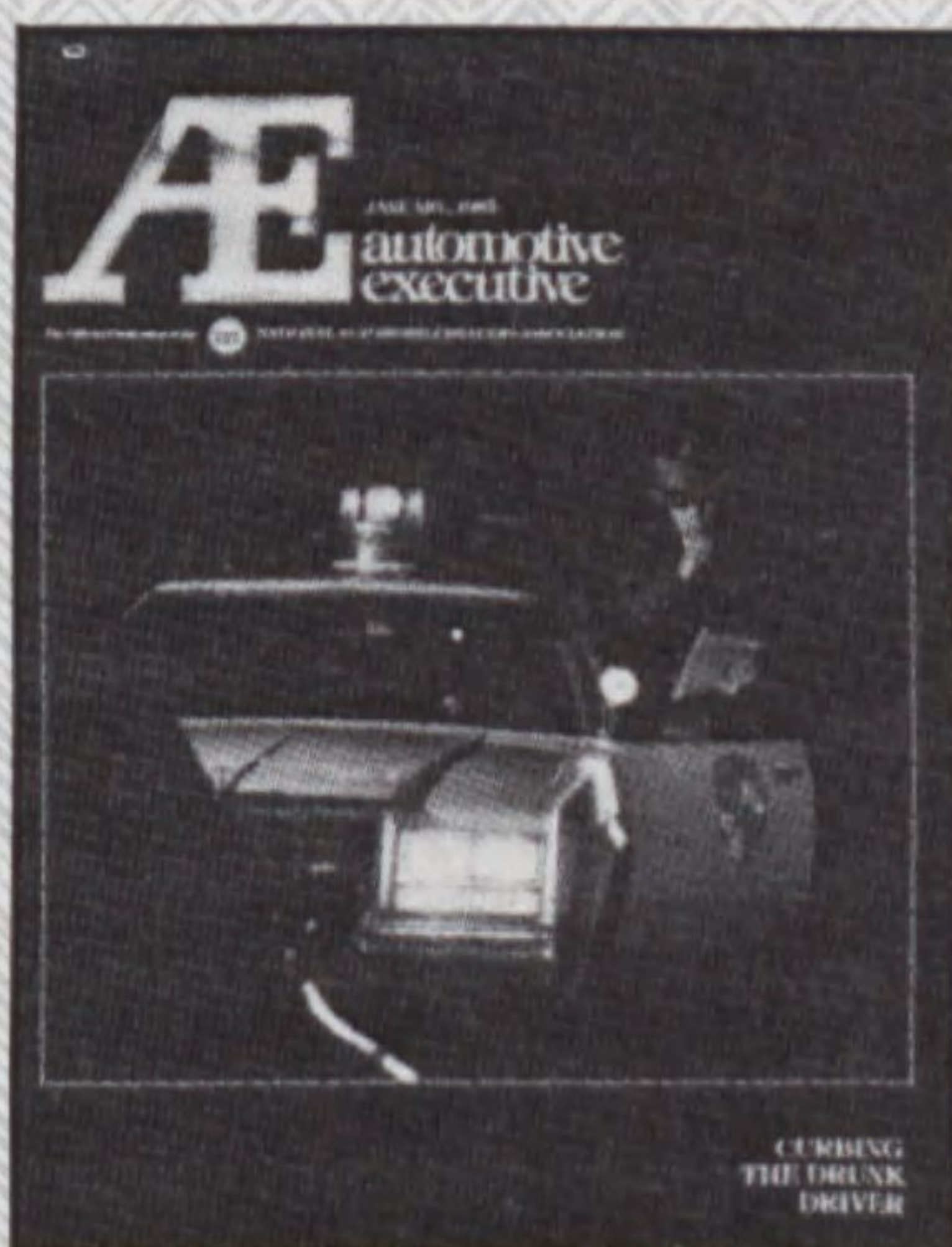
TRICOM

Manufacturers of TRI-FREEDOM Computer Systems

Tricom Systems Corp. 3364 Arden Road Hayward, California 94545

(For more information circle #25)

Opinions Please



In the past two years, we've taken a new direction with this magazine.

We've refocused editorial content, upgraded graphics and photography, and added product information, dealer profiles, and interviews with key manufacturing, marketing and sales executives in the new-car and truck business.

Many of our changes were in response to your comments in our 1982 reader opinion survey. Now, we're asking for your help again. The Harvey Research Organization will conduct our new reader survey and a random group of our readers are being asked for their opinions.

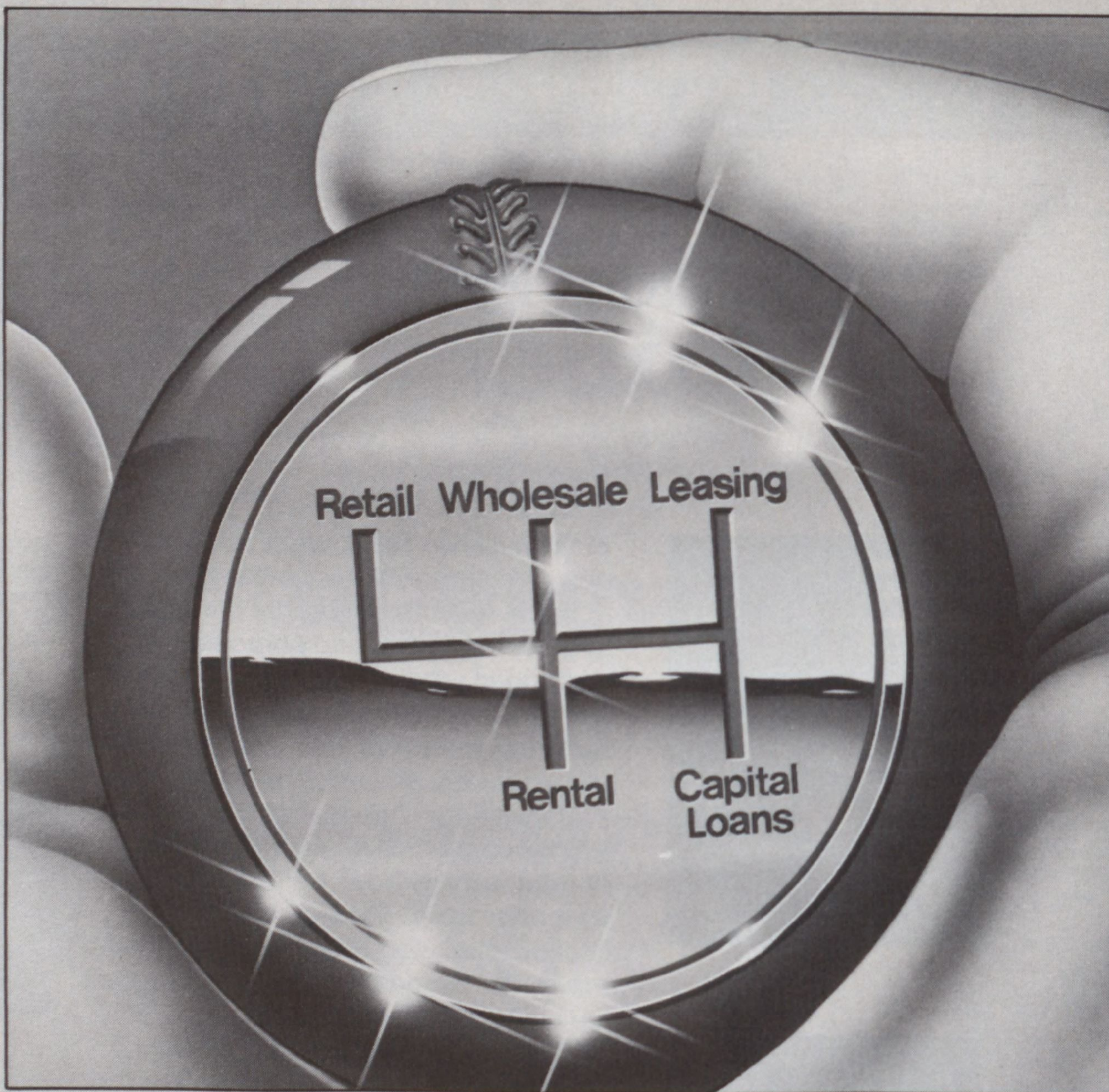
We want to know how you view this magazine, because we're measuring the effectiveness of our changes. And, most important, we want you to help us shape future content to your business needs and interests.

Our advertisers also have an interest in your opinions. You are important to them, and they want to know you read this magazine. Your answers will help determine future products you see advertised here.

So please take the time to respond if you receive a questionnaire. Let us know what you like about the changes we've made. But, above all, let us know your future interests.

And you don't have to wait for a questionnaire. We welcome your letters.

The Editors



Complete financial services geared for GM Dealers only.

These last few years have presented unprecedented challenges to U.S. automobile dealers. GMAC has enhanced its reputation as *the* leader in automotive financing by helping a select group of dealers meet those challenges — GM Dealers.

Our success story is based on offering a full range of resources developed over more than 64 years of leadership in a business we pioneered. Our record of service is matched only by our history of innovation.

So today we can offer you flexible up-to-date financial support. Whether the project is financing a single unit or handling the complexities of a huge fleet.

We are ready with timely help in five major areas of specialty. Retail. Wholesale. Leasing. Rental. Capital Loans. With programs developed and tailored exclusively for the GM Dealer.

Whether your dealership is large or small, wherever your location, there is one financial institution completely dedicated to your success.

Together we have stood the test of time. And more important, of *these* times.

GMAC
THE FINANCING PEOPLE
FROM GENERAL MOTORS

(For more information circle #11)

AUTOMOTIVE EXECUTIVE

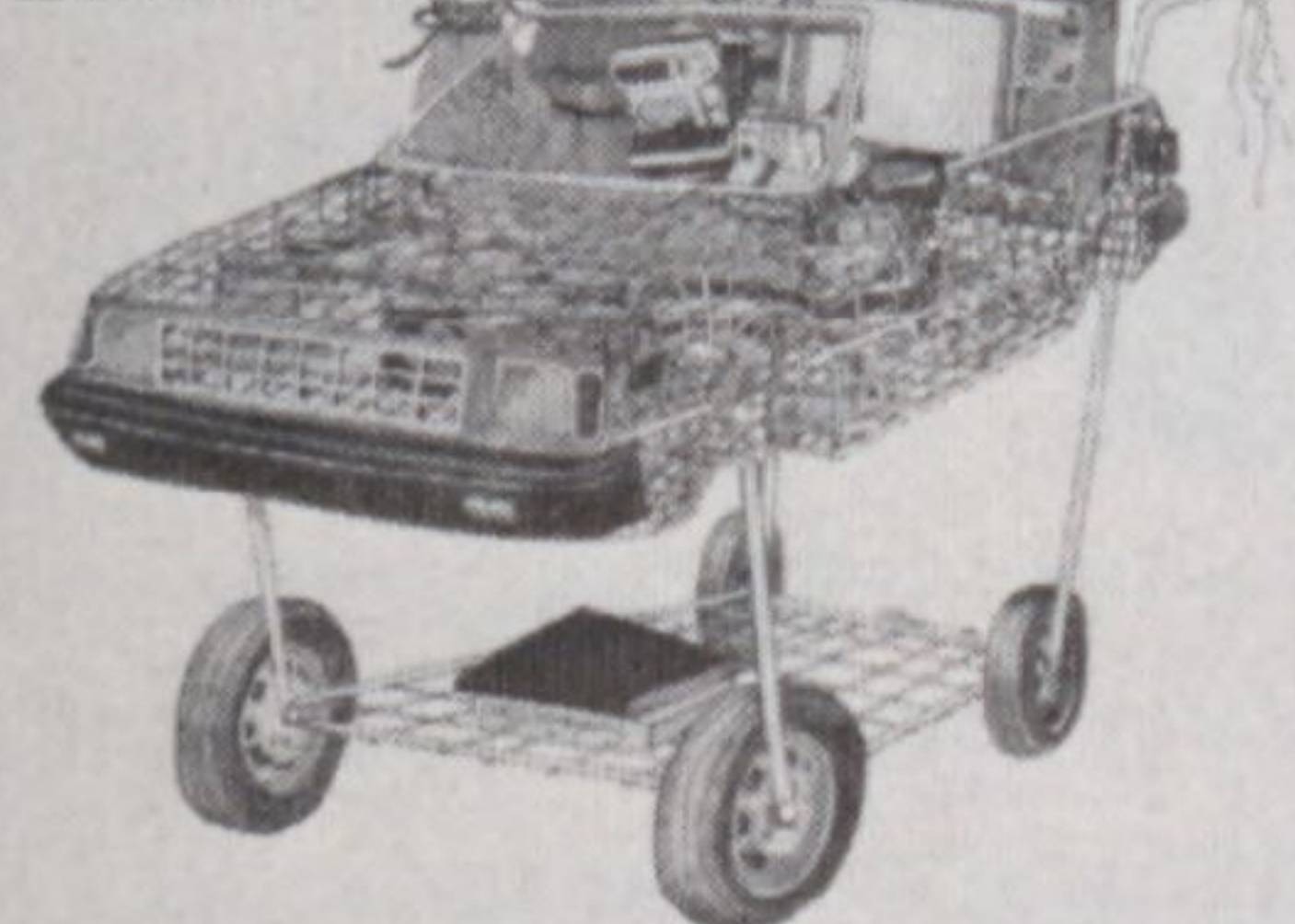
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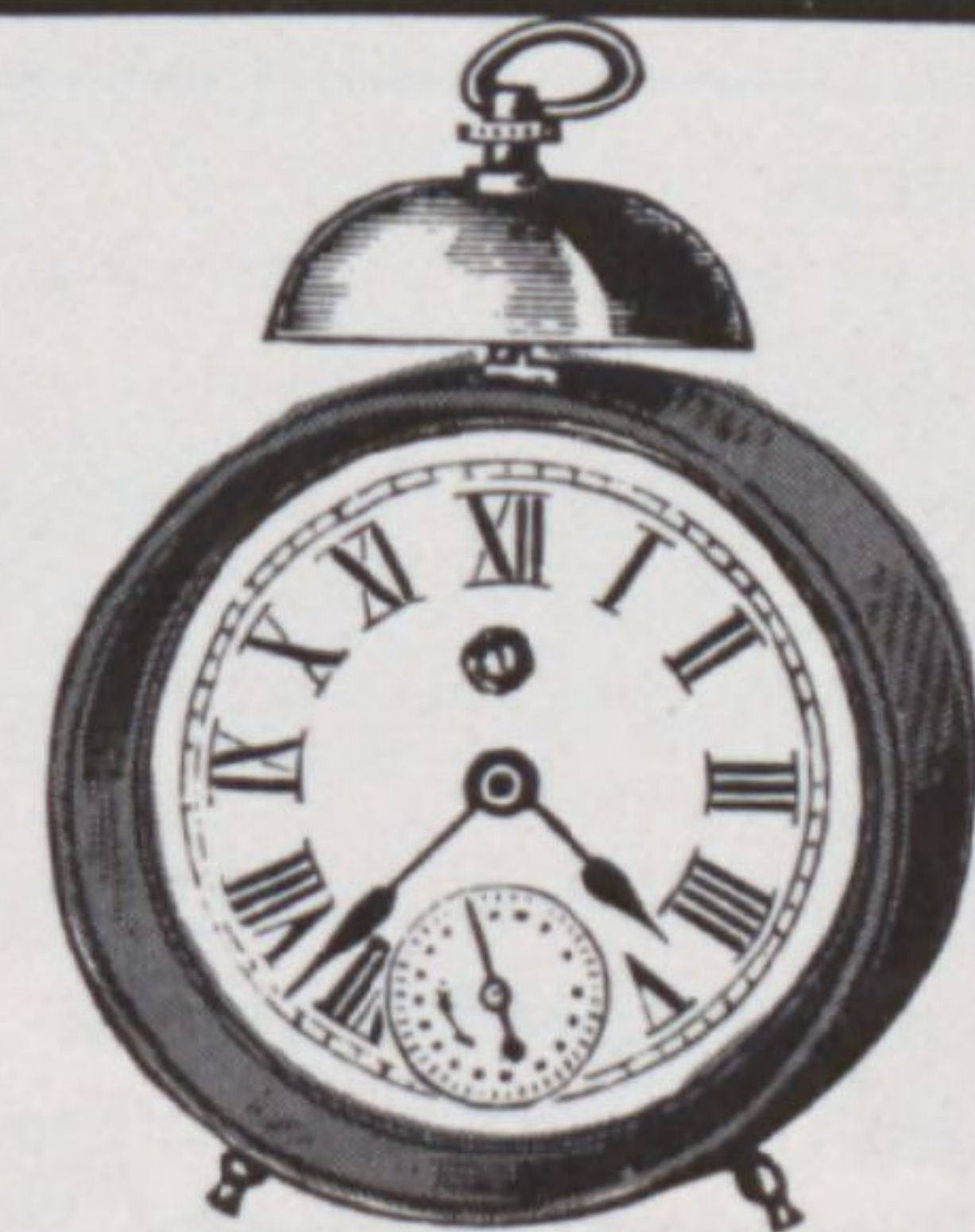
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Free Service Check-Up

Country Motors Inc. in Butler, PA, feels that service is the major factor in the dealership's strength in retaining a happy and dedicated customer. Each customer who buys a new vehicle receives a free 3,000-mile service check-up. The original expense of the free check is charged out to the new car. This policy brings the customer back into the dealership, where any problems that exist with the new car can be corrected. It also lets the customer know that the dealership is concerned with his or her complete satisfaction.

The dealership found that by offering the free check-up, the customer begins a pattern of continuing preventive maintenance that often extends beyond the warranty period. Many customers continue this service beyond 100,000 miles. ■

Selling Wholesale Vehicles

David Ryan Oldsmobile in Fort Worth, TX, sets aside one day every two weeks for all wholesale cars to be sold in a one- to four-hour period. Invitations are sent to all local wholesalers, used car operations, tote-the-note lots, and all possible-interest parties.

All cars to be auctioned are numbered, and bid sheets are placed in each car for sealed bid purposes. All cars are cleaned and arranged where they can be started and inspected properly. The used-car manager is on hand to offer information on each car, and refreshments are available for the bidders. Bids are made in a sealed envelope and placed in a large container. At a pre-arranged time, all bidding is halted and the bidders are told they will be notified later that evening of the results of the auction. (The dealership retains the right to refuse all bids on any particular unit.)

This method of handling wholesaling ensures more exposure for each unit and enables the used-car manager to concentrate on the business of retailing. ■

24-Hour Salesman

A new sales tool for after-hours shoppers has been implemented by Bob Swope of Bob Swope Ford in Elizabethtown, KY. It is the "24-hour salesman"—a small AM radio station that broadcasts a message up to 800 feet across the sales lot. As shoppers turn into the lot after business hours and on Sunday, they are greeted by a sign that tells them to tune the car radio to a specific station. The message on the station thanks the listeners for shopping at Bob Swope Ford and encourages them to return when the dealership is open to take advantage of unadvertised specials heard on the radio station. The dealership attributes an increase in sales to the addition of this new "salesman." ■

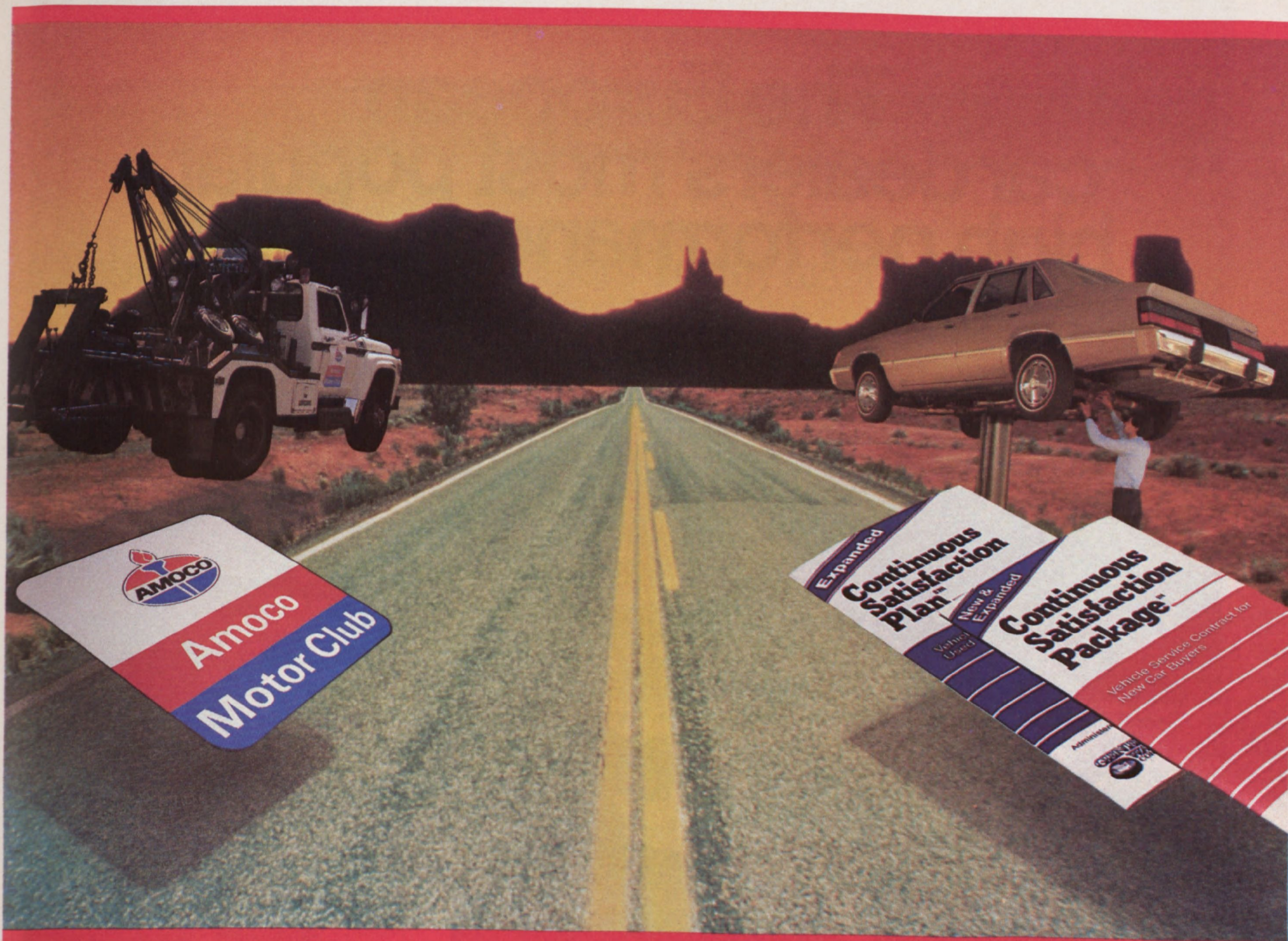
Moving Overaged Used Cars

An old idea, but one that should be mentioned again, is the following promotion to move overaged used vehicles: Post a large sign over an older unit with the message, "This car cost \$ _____. For every day this vehicle sits on our lot, we will discount \$50 until sold." The sign attracts customers who wouldn't normally stop and browse. ■

Training Mechanics

J.K. Lust of Loel Lust Chevrolet in Aberdeen, SD, has added a new twist to the training of apprentice and journeymen mechanics. The dealership assigns each new mechanic to a master technician. For the first month of training, the master technician receives 100 percent of the apprentice's output. Each month the percentage is 10 percent less, until the apprentice is on his own after 10 months. The master technician has a vested interest in making the apprentice knowledgeable and productive as soon as possible. This system is wholeheartedly approved by the master technicians and the apprentices appreciate the personal training. □

For more information about how the 20-Group Program can help your dealership, turn to the feature story on page 19.



*We've Added the Bonus of Motor Club Membership...
You Add Up the Profits.*

*General Warranty
Links Comprehensive
Mechanical
Breakdown Coverage
With Roadside Hazard
Protection!*

At General Warranty, we've added something new to our Continuous Satisfaction Packagesm—something that makes it even easier for you to get that signature on the bottom line.

It's the industry's first full circle of protection against roadside hazards as well as mechanical breakdown—a unique bonus for your customers.

*A Winning
Combination:
Strong Backing
and Excellent Service.*

The Continuous Satisfaction Packagesm has the highest level of market penetration—and customer acceptance—of any independent vehicle service contract. One reason is the strength of our underwriter—Imperial Casualty & Indemnity, a wholly-owned subsidiary of Standard Oil Company (Indiana).

Another is the well-recognized name of Amoco Motor Club. When we decided to add auto club membership, we chose Amoco Motor Club, an industry leader. Amoco has nearly three million members and thousands of service facilities nationwide.

*New and Expanded for
1984...and Beyond*

These days you need products that help your personnel sell more effectively, particularly in the after-sale area. "The rapidly growing area of automotive aftersale products and service is more critical to dealership profits than ever before," according to J.D. Power of J.D. Power & Associates, the nation's leading automotive market research firm.

As part of the General Group of Companies, General Warranty is meeting these needs today... and anticipating your needs of tomorrow.

For information on increasing your profits, call our toll-free number: (800) 423-6381. In California: (800) 352-6271.



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President and Chief Executive Officer
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The European car dealers' most popular high performance vehicle.



Mercedes-Benz. BMW. Volkswagen. Renault. Peugeot. Citroen. Fiat/Lancia. Alfa Romeo. Saab. British Leyland. Audi. GM/Opel.

The major automobile companies of Europe all have one thing in common. They depend on Nixdorf auto dealer computer systems and networks to keep things running smoothly and profitably at their dealerships.

And now, that same proven system is available to American dealers.

In Dealer Service Departments, the Nixdorf system keeps an inventory of every part in stock at each individual location. It can predict when more parts are needed, automatically re-order and ship replacements.

At your option, our system can notify customers when service is due, remind service personnel which parts should be checked or replaced, and then print out an invoice with the appropriate parts and labor charges.

And because Nixdorf systems are known for their ease of use, everyone in your organization can benefit.

For 32 years, Nixdorf has been providing solutions for the information processing needs of all kinds of businesses. Today, we're a billion-dollar company with more than 125,000 computer systems installed in 35 countries. And we have 100 sales and service offices in the U.S. and Canada and over 1,700 people to support you and your application needs.

So if you'd like to work with a computer company that knows the automobile business in forward and reverse, call Bill Colestock, Nixdorf's Detroit Automotive Branch Manager, 313-569-2525.

Nixdorf Computer Corporation, 300 Third Avenue, Waltham, MA 02154.

NIXDORF
COMPUTER

Nebraska, Wisconsin Dealers Testify at Odometer Hearings

Supporting NADA's testimony before the Surface Transportation Subcommittee of the Senate Commerce, Science and Transportation Committee on odometer tampering were representatives from two state associations: John L. Sullivan, executive vice president, and Michael O'Daniel, legislative affairs chairman, of the Nebraska New Car Dealers Association (NNCDA); and Pat Fagan, immediate past board chairman, Wisconsin Automobile and Truck Dealers Association (WATDA). (For details on NADA's testimony, see the "On The Hill" column, page 66.)

The state association representatives talked about the problems odometer tampering causes in their states, the cost to legitimate dealers and consumers, the ease with which odometers are rolled back, and the immediate need for legislation to prevent odometer fraud.

The president of NNCDA is Don Diers; the president of WATDA is Gary D. Williams. ■

GADA Donation

For the second year in a row, the Georgia Automobile Dealers Association (GADA) has donated cash awards to the top four winning clubs of the Georgia Federation of Women Clubs Safety Division.

Participating in 425 safety projects were 3,620 members from 94 clubs. The emphasis for 1984 was on DWI and infant car seats.

Many "loaner" car seat programs were started by the 1983 winners who used their cash award to purchase infant seats.

The president of GADA is Carey B. Paul. ■

SFADA Underwrites Scout Activities and Museum Exhibit

More than a dozen organizations, from the Boy Scouts to the Museum of Science, were recent recipients of \$7,000 in donations from the South Florida Automobile Dealers Association (SFADA).



Testifying at the Senate odometer hearings were (from left to right) Michael O'Daniel, C.C. Gunn, John L. Sullivan and Pat Fagan.

"We feel children are special people and if there are ways in which we can help them, whether it's behind the wheel of an auto, at school or even in their community activities, we want to help," says SFADA President William Lehman Jr. ■

HADA and "Clean Houston" Litterbag Campaign

For the third year, the Houston Automobile Dealers Association (HADA) is working with "Clean Houston," a local litter abatement and recycling organization, to help stop litter generated by motorists. The campaign to distribute automobile litterbags was launched in conjunction with national Keep America Beautiful Week, April 22 to 28.

The litterbag campaign has been a very successful program in prior years, with hundreds of thousands of bags being placed in vehicles. The campaign allows a HADA member to participate in a worthwhile effort to help clean Houston and to benefit from a cost-effective advertising and public relations technique.

The president of HADA is William Pennel. ■

"Bee Smart, Bee Safe" Program

The Utah Automobile Dealers Association (UADA) helped make April "Buckle Up Month" in Utah. UADA was a sponsor of the Ridgecrest Elementary

School's "Bee Smart, Bee Safe" program, designed to encourage children to wear seat belts.

The program's symbol, "Buckle Bee," appears on discount coupons and stickers given by local merchants to children who wear their seatbelts. This provides children with an incentive to wear their seatbelts.

The president of UADA is Norm Garrett. ■

AADA Supporting State Safety Seat Legislation

The Arkansas Automobile Dealers Association (AADA) is supporting the new Arkansas safety seat legislation for children under 5 years old. In addition, AADA is kicking off its public service program, "Show Your Love, Use Restraint." The program encourages parents to buckle their children into safety seat restraints.

In the coming months AADA will be developing a safety seat brochure for parents, a slide presentation, bumper stickers and showroom displays for AADA dealer members. AADA has been selected by NADA as a pilot program for a national safety seat program.

The president of AADA is Frank Carder. □

Auto Association News reports on events at the state and local level. Please send any items of interest to: Joan Rubin, assistant editor, Automotive Executive, 8400 Westpark Drive, McLean, VA 22102-3593.

Executive Notes

New York first state to enact belt use law. Governor Mario Cuomo's signing of a New York State law requiring new and inexperienced drivers to wear their safety belts has been hailed as the first major step in two decades toward a goal of belt use across the nation.

"New York is the first state to enact a belt use law and that is the most important move in this area since seat belts were installed as standard equipment by American car manufacturers in 1964," says V.J. Adduci, president of the Motor Vehicle Manufacturers Association (MVMA).

"While the law is limited to drivers under 18 and all new motorists regardless of age, the major U.S. car and truck producers see the new law as a forerunner of 'buckle up' legislation for all drivers and passengers in all 50 states," he adds. ■

Ford aerodynamic research fellowship. The automotive shape of the future is clearly aerodynamic, and Ford was first off the mark in developing this design technology, according to Donald F. Kopka, Ford vice president-design.

Speaking at a news conference at the University of Maryland's Martin Wind Tunnel, Kopka also said that, in recognition of the university's significant contribution to improved understanding of aerodynamics, Ford Motor Co. is establishing an aerodynamics research fellowship for \$5,000 a year. ■

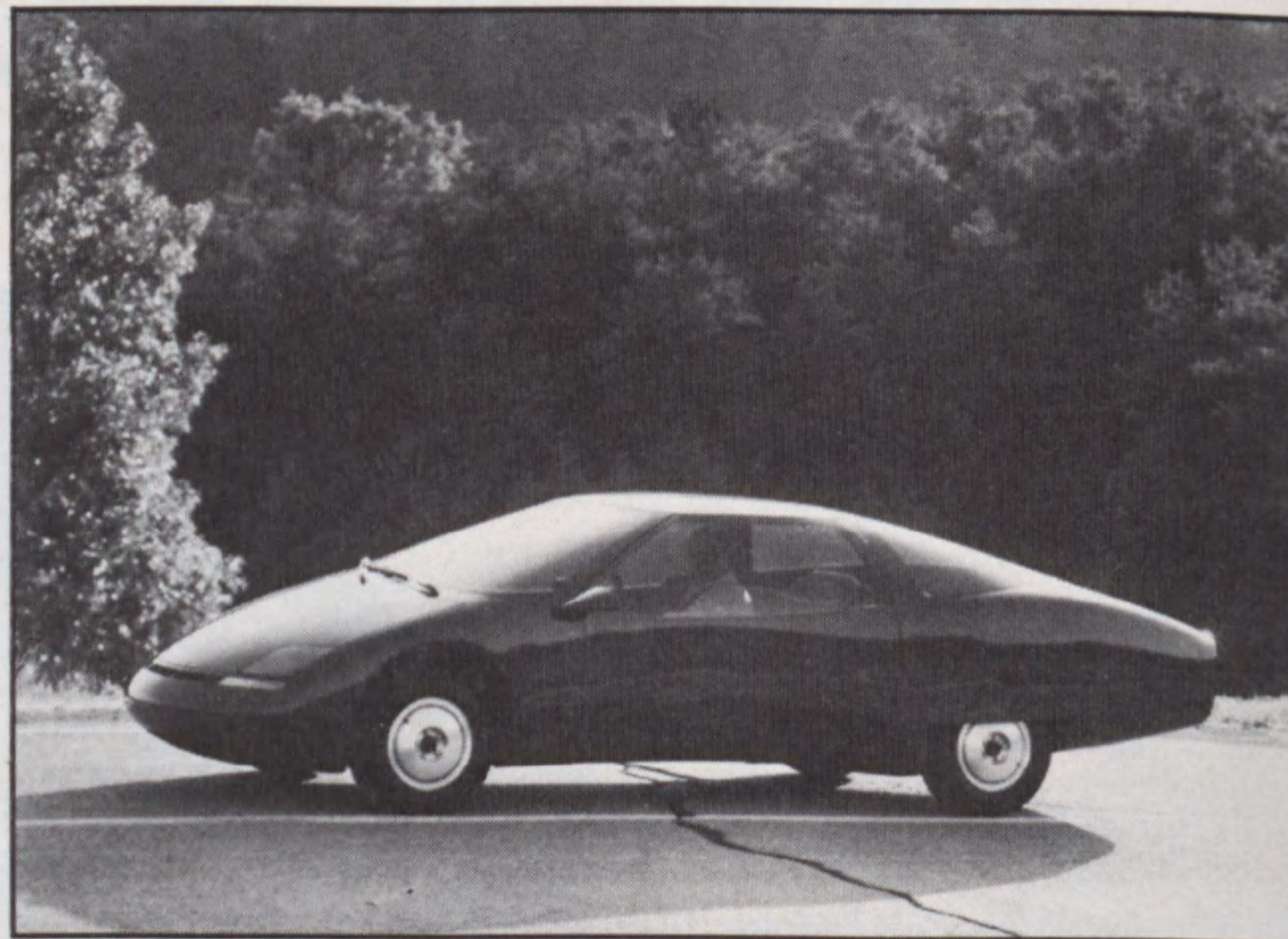
Toyota scholarship winners head for Japan. Fifteen high school students will have an opportunity to live and learn in Japan this summer as participants in the Summer in Japan Toyota scholarship program. The program is administered for Toyota by Youth for Understanding, a non-profit student exchange organization.

"There is no substitute for actually living in a country and experiencing firsthand the country's culture and tradition," says Yukiyasu Togo, president of Toyota Motor Sales U.S.A. Inc. (TMS/USA). "This program is designed to give high school students a better understanding of the people of Japan." ■

Detachable/portable hi-fi next wave. Personal stereo systems which plug into the automobile dashboard for driving, but fit in the pocket when walking, will represent the next wave in personal audio equipment, says the market research firm of International Resource Development Inc. (IRD). A major attraction of this type of product, according to IRD, is that it foils the efforts of thieves, who are stealing auto hi-fi's in increasing numbers. ■

GM seat-belt user insurance. General Motors has announced a major new effort to stimulate seat-belt usage—the inclusion of a \$10,000 seat-belt user insurance certificate at no extra cost with every new GM car and light truck sold in the U.S. and Canada.

"General Motors is making seat-belt user insurance standard equipment on all our cars and light trucks to dramatize the life-saving potential of seat belts," says F. James McDonald, GM president. "Actually, seat belts are life belts, and we will stress this in our advertising about the new program—which we believe is a 'first' in the industry." ■



A Chevrolet of tomorrow...today... is the Citation IV, a four-place, V6-powered concept vehicle shown above during proving grounds testing. About 6½ inches longer and 6½ inches lower than Chevrolet's current Citation II, the Citation IV is shaped to yield a .18 aerodynamic drag coefficient—the lowest ever produced by an operating vehicle this size in the GM wind tunnel.

"Automobile and Culture." An event of the Olympic Arts Festival of the 1984 Summer Games in Los Angeles, "Automobile and Culture" will be the first-ever major art exhibition dealing with cars. The exhibition will include 30 cars—ranging from a 1901 Renault Type D and a Ford 999 race car, to the Ferrari Grand Prix Formula 1 and a Lamborghini Countach of the '70s and '80s—plus some 200 works of art featuring the automobile.

The exhibit is a presentation of the Museum of Contemporary Art, Los Angeles (MOCA) and will open July 21.

In conjunction with the exhibit, MOCA will hold "The Street Show," a series of seven day-long gatherings of various types of rare and spectacular cars, on selected weekend dates throughout 1984. ■

"Rhinos-for-Texas." Special-purpose vehicles designed by IVECO have been key to recent discoveries in the Amazon and Central Africa. The latest role for IVECO's all-terrain trucks came during the capture and translocation of black rhinos from South Africa to Texas in a project entitled "Rhinos-for-Texas."

IVECO designed and provided vehicles used in both countries as part of a worldwide conservation program coordinated to ensure the continuation of the black rhino species, listed as endangered by the U.S. Department of the Interior. ■

Plastic tires. The Automotive Information Council reports that an Austrian tire firm will set up a pilot plant this year to produce plastic tires for testing. The firm claims the plastic tires, made through a liquid injection molding process, would be cheaper to make than rubber tires. A spokesman for the Austrian company says the plastic tire-making equipment is over 50-percent cheaper, energy costs are 37-percent less and the plastic tire manufacturing process requires fewer workers. □

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Wheelways offers you a fresh new alternative to financing Rental Cars, Customer Loaners, Demonstrators, or Salesmen's Cars.

You Can Finance Just About Any Kind of Car.

New American or Foreign made cars and light trucks qualify for financing—PLUS used cars up to three years old.

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The best thing about the Wheelways Finance Program is that any Auto Dealer or Rent-A-Car Company can participate. The only prerequisites are that you've been in business for two or more years, are credit worthy, and you plan to finance at least ten vehicles with us.

So call or write today for the name of your local Wheelways Agent or for more information on how our financial services can help your business.

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PR  FITS

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(For more information circle #27)



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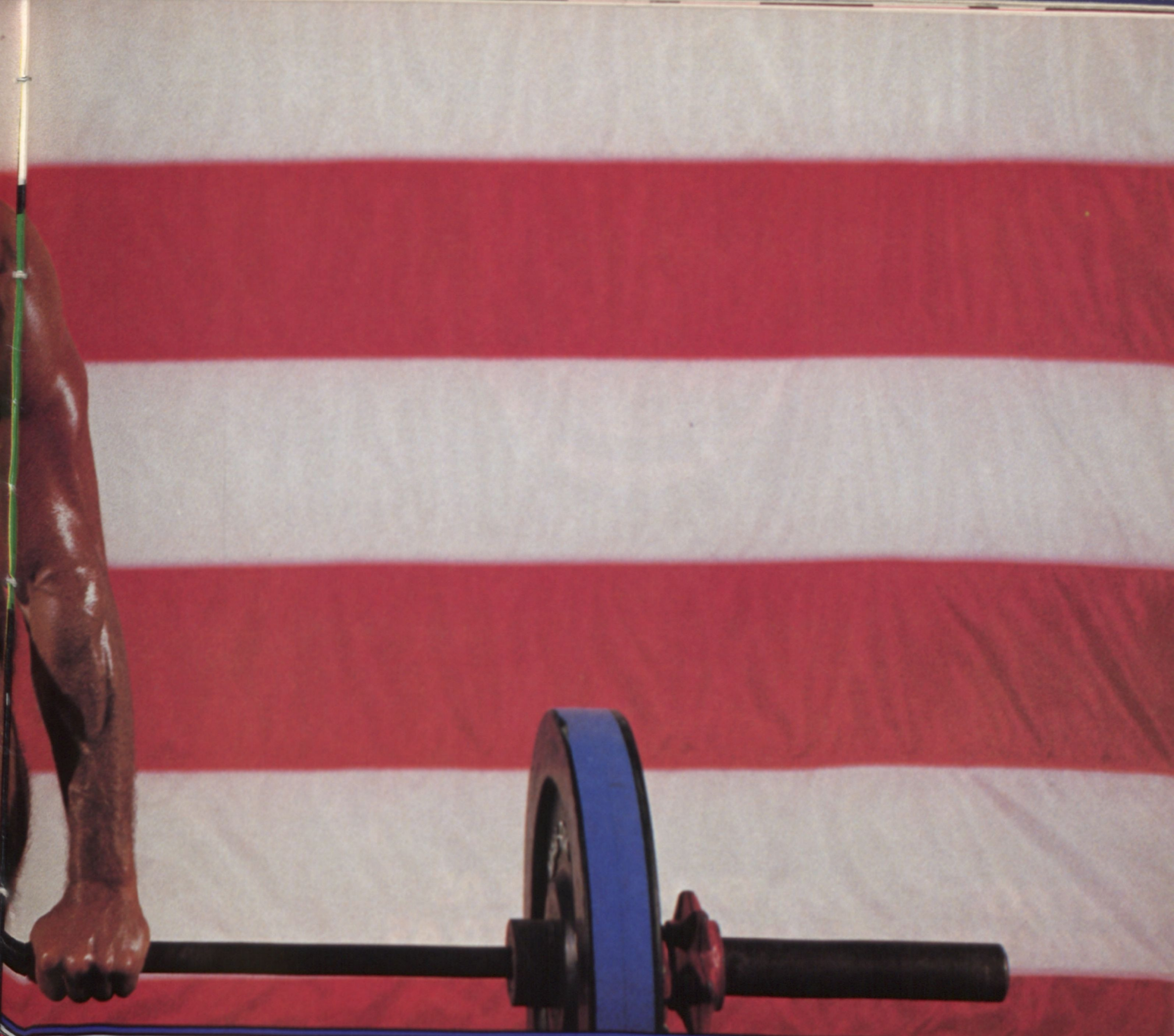
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Money Sense

How Contrarians Pick Stocks

The playwright George Bernard Shaw once observed: "The minority is sometimes right, the majority always wrong." For contrarian investors, that statement sums up their philosophy.

At a recent conference of contrarian investors, one button proclaimed "Doubt All Before Believing Anything." One contrarian newsletter peppers its statistics with such homilies as, "When experts agree, it is wise to disagree," and "When skepticism prevails—buy."

Slogans aside, contrarian investors do not buy stocks simply because they are out of favor on Wall Street. Rather, contrarians look for companies with the potential to become better performers.

Unorthodox Orthodoxy

One of the most successful contrarian stock investors of his day, the British economist John Maynard Keynes, summed up his views this way: "My central principle of investment is to go contrary to general opinions on the grounds that, if everyone is agreed about its merits, the investment is inevitably too dear and therefore unattractive." Despite the Great Depression, Keynes managed to multiply his net worth 65 times between 1929 and 1936.

What Contrarians Look For

Times have changed since the Depression and so have the types of stocks contrarians favor. However, they still look for the undiscovered, unnoticed or unfavored issues.

For example, a contrarian investor might seek out a large corporation in sound financial health although its stock is selling low relative to earnings. The contrarian reasons that the market has underestimated the earnings potential of such a stock and will soon take notice.

It's not uncommon for a contrarian to invest in an industry group that is experiencing a sales slump, or a bankrupt corporation undergoing reorganization.

Contrarians have also been known to invest in "blue chip" companies, especially those they believe are positioned to break out of a steady, unexciting cycle.

Another contrarian strategy is to look for stocks that are ignored by the large institutional investors. A recent survey of 510 stocks from 1970 to 1980 showed that those with virtually no institutional ownership climbed an average of 20.8 percent a year while those favored by institutions rose only 10.4 percent. The contrarian would reason that institutional investors look only for companies that are known performers and shy away from those without track records.


How Contrarian Are You?

It is not difficult for a contrarian to buy undervalued or unpopular stock. However, picking the right one depends on many factors, of which sound research is the most important.

Before you decide on a contrary investment, examine the company closely. Focus on the reasons why the company seems undervalued. Is the decline temporary or has it been long-term? How much debt does the company have? Who is heading its present management team? When was the stock's last advance, and what were the market conditions at the time? And, even if you think the company will eventually recover, how long are you willing to wait? Your account executive should be able to offer you another opinion on the company.

In the final analysis, successful contrary investments require strong research, discipline and the willingness to hold on while the crowd goes elsewhere. ☐

This column is prepared as an automotive exclusive for **Automotive Executive** by Bill Waters, Director of Marketing Services with Merrill Lynch, Pierce, Fenner & Smith. Reader comments and inquiries should be sent to **Money Sense, Automotive Executive, 8400 Westpark Drive, McLean, VA 22102-3593.**



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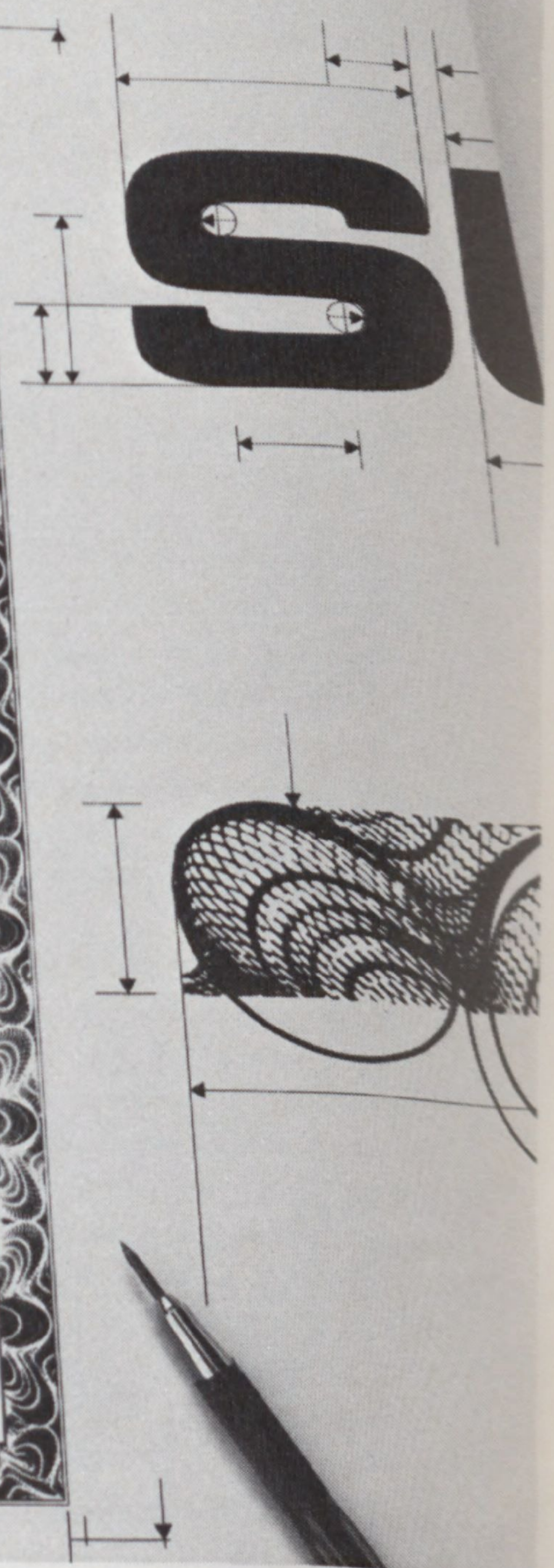
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1. Covered Vehicle			
VEHICLE IDENTIFICATION NUMBER		AGREEMENT DATE	
SUBARU		(Vehicle Delivery Date)	
CAR CODE	COLOR	4-WHEEL DRIVE	TURBO
26		YES <input type="checkbox"/> NO <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
		DEMO	USED
		YES <input type="checkbox"/> NO <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
		USED ODOMETER READING	
2. Customer			
NAME		STREET	
CITY		STATE	ZIP
		TELEPHONE	
3. Agreement Period			
THE PERIOD DURING WHICH THE COVERAGE PROVIDED BY THIS AGREEMENT IS IN EFFECT (THE "AGREEMENT PERIOD") SHALL BEGIN ON THE DATE OF VEHICLE DELIVERY AND SHALL END ON THE FIRST TO OCCUR OF			
MONTHS FROM THE DATE OF VEHICLE DELIVERY OR WHEN			
MILES ARE REGISTERED ON THE ODOMETER OR ARE ADDED TO THE USED ODOMETER READING IN THE CASE OF A USED CAR			
4. Limits of Coverage			
MECHANICAL BREAKDOWN		CAR RENTAL EXPENSE	
COST OF REPAIR LESS A		UP TO \$18.00 PER DAY	
\$25.00 DEDUCTIBLE (NEW OR DEMO)		\$90.00 MAXIMUM PER	
\$50.00 DEDUCTIBLE (USED CAR)		BREAKDOWN	
		TOWING AND ROAD SERVICE	
		UP TO \$35.00 PER	
		BREAKDOWN	
5. Total Charge			
BASIC CHARGE FOR SUBARU ADDED SECURITY COVERAGE		\$	
ADDITIONAL CHARGE FOR FOUR-WHEEL DRIVE		\$	
ADDITIONAL CHARGE FOR TURBO		\$	
TOTAL CHARGES FOR THIS AGREEMENT		\$	
		SALES TAX (IF ANY) \$	
		TOTAL \$	
6. Dealer			
CODE #	NAME	STREET	
CITY	STATE	ZIP	TELEPHONE
7. Lienholder (This section must be completed if the charge for the Agreement is included with the vehicle financing.)			
LIENHOLDER'S NAME (IF ANY)		ADDRESS	
I understand this Agreement is a service contract. It is not an insurance policy or a warranty or guaranty. In return for payment by me of the total charges and subject to all the terms contained in the four pages of this Agreement, Subaru of America, Inc., 7040 Central Highway, Pennsauken, NJ 08109 (the "Obligor") agrees to provide me with the coverage described in this Agreement, which I have read carefully.			
SIGNED		SIGNED	
CUSTOMER		AUTHORIZED SUBARU REPRESENTATIVE	
DATE		DATE	

As a Subaru dealer you work hard at building a reliable reputation. So you shouldn't risk it on a less than reliable extended service plan. With Subaru Added Security you won't.

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cess story. So by *a/ways* satisfying your customers with quality coverage we're making sure your stories always have happy endings.

As a matter of fact, some dealers already have stories worth telling.

Phil Vanatta, Sales Mgr. at Jim Reed Chevrolet Subaru, Nashville, TN knows what the Subaru name can do for sales, "We're experiencing a 250 to 300 percent increase in penetration of service contracts with SAS." While Paul Eisenberg, Sales Mgr. of Subaru Distributors Corp. in Orangeburg, NY sums up his dealers' reaction with, "Selling SAS means you're selling confidence today and confidence tomorrow both in the product and the company."

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SUPERMARKET

A look at practical ways to market your product—including tried and true, and bold and new...

by Ted Orme



Remember the good old days, when all you had to do to sell cars was run an ad on weekends and hang around the showroom waiting to write orders?

Truth is, good dealers never operated like that. This has been an acutely competitive business since day one, and auto dealers have led the retail industry in finding ingenious ways to market their products. But even the cleverest of dealers could hardly foresee the changes to hit the industry in the last decade. Marketing cars and trucks through gas crises, recessions, higher sticker prices, spiraling interest rates and rising consumerism required a total

rethink of sales and promotion strategies.

If you can't bear another 10 years like the last 10, it may be time to give Junior a shot at the business and take your profits to Miami Beach, because what has been is mild, compared to what's to come. Most industry soothsayers agree the business of selling cars will continue to see rapid change. The day of seat-of-the-pants, intuitive business practices is drawing to a close, and the successful dealer of the future will be the one who stays abreast of marketing trends.

"The retailing end of this business, with its 50-plus years of tradition, must

and will change," John Hemphill of J.D. Powers & Associates told dealers at the NADA Convention. "Old-fashioned sales won't do."

Hemphill points out that until the 1970s the automobile business was a producer-driven market. But the profound changes we see today—reorganizations, mergers, all manner of cost-cutting measures—are driven by a consumer market.

"Never before have consumers had the variety of models, body types, styles and options," he says. "At the same time, nameplate, body type, style and dealer loyalty have all deteriorated. And

(continued on page 23)



While survival and salvation may depend upon keeping up with changing trends and practices, dealers shouldn't throw out the baby with the bath water just yet. All old ways are not bad ways. Chicken Man ads, Jello jumps, frozen car meltdowns and other wild promos still sell cars, and so do many sales and marketing practices that go back to the

50 NIFTY IDEAS

dawn of retailing. Without some common sense and caution, an overly progressive dealer can be innovated right out of business.

NADA's 20 Groups deal in the nitty-gritty, real world of auto and truck retailing, not theory or conjecture. The program's basic function is to review and highlight all marketing and business practices that work, period. That means both tried and true, and bold and new. What follows are 50 proven, balanced marketing ideas from the past few years that can work for you right now!

Advertising and Merchandising

1 Free Publicity. Get as much of it as you can. Every time you deliver a driver's ed car, win an

award or sponsor a charitable event, be sure the media knows about it.

2 Surveys and Questionnaires used in newspaper or direct mail ads are the best way to learn more about the people in your area, not to mention a great way to build a prospect list.

3 Good News Bulletin Board. Bad news may sell newspapers, but the good news clipped and posted by the staff of one dealership gave the showroom an "up" feeling, boosting the spirits of employees and customers alike.

4 Balloon Bait. A string of 20 or 30 helium balloons (with company logos, of course) tied to the front line of new and used cars is a quick signal that something special is going on. For a minimal cost, this is a great traffic builder and a super giveaway for the kiddies.

5 Hat Hype. Displeased with the results of expensive media ads, one dealer reported "tremendous" results with 5,000 hats for just over \$10,000. "It's like having 5,000 billboards walking around town," says the pleased dealer. "And they don't throw them away!"

6 Prize for Prospects. A monthly prize drawing is a great way to get names of all showroom prospects logged for follow-up calls and letters.

7 Weekend Winners.

A free weekend in a new car is an inexpensive promotion to clubs, churches and other organizations that solicit prizes. In addition to the excellent community relations it offers, it's great advertising too—the weekend winners tend to show the car off to friends, neighbors and family better than any salesperson could.

8 Crushed Car Contest. The person who guessed what kind of car was crushed into a cleaned and scrubbed four-foot cube won a TV set. The dealer got some great publicity.

9 Free Oil Changes are a good way to get customers in the door, close the deal and keep them coming back for service after the sale. Ten free changes should do the job, but "lifetime-of-the-car" offers really impress people.

10 Antique Car Show. Boost showroom traffic by inviting the local antique car club in for a weekend show on your premises. The extra publicity and increased showroom traffic will more than offset expenses.

11 Silver Dollar Days. Free silver dollars for each demonstration or service special, and silver dollar bonuses for each sale.

12 Newsletters are a fine way to let customers know about product updates, service and sales specials, and simply that you care about them. If you have a creative person on your staff, let him or her be editor.

13 Ad "hot line." Install an unlisted telephone number (which is not usable for outgoing calls) for the sole purpose of evaluating your advertising. The cost is low, and it is an almost surefire method of analyzing how many inquiries are produced by what media.

14 Idea sessions, like those used by NADA 20 Groups, call for all participants to bring one good idea on a selected topic and one dollar, which goes into the pot. The dealer frequently matches the pot, which goes, by vote, to the person with the best idea.

15 Reverse Advertising. Instead of advertising what used cars you have, advertise for the ones you want. It's a great way to get the cars that sell quickly, and boost traffic and sales at the same time.

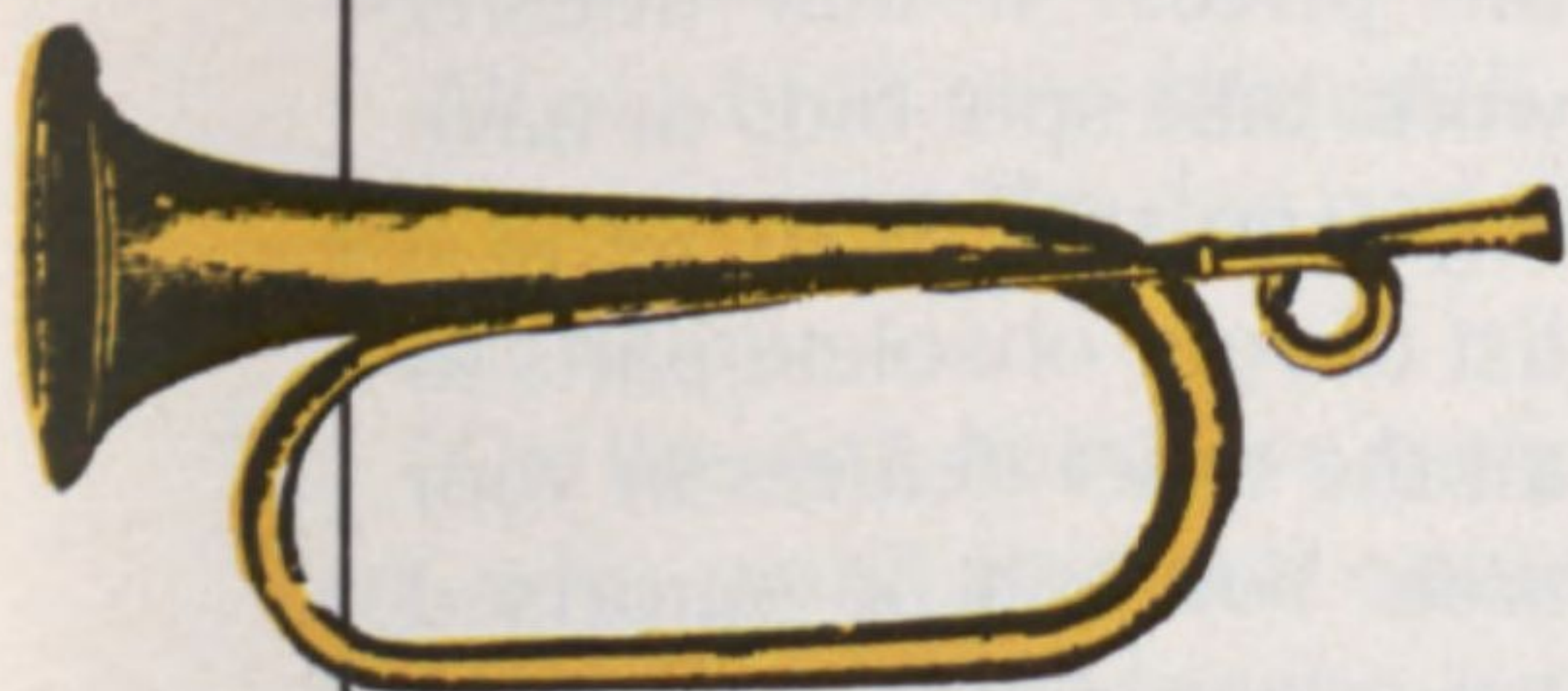
16 Easy Deal. Show your service customers how easy it would be to step up to a new car by letting idle salespersons figure deals on the older cars in for service.

17 Sly Demo Ride. Another nifty activity for salespeople during slow periods, especially early morning hours. Have the salesperson give service customers a ride to work and, at the same time, offer a low-pressure demonstration of your new model.

18 Color Coding. A green sticker for new cars and trucks in inventory up to 45 days, yellow sticker from 45 to 90 days, and a red sticker for dogs 90 days old or older—which means you have to do something now. Works well for used cars, too.

19 Used-Car Prospects. Realtors call them listers—those who get a commission for finding used houses to sell. You can use the same practice for salespeople willing to run down classified ads and follow up tips from friends to find the increasingly rare good used car.

20 March Music. It may sound corny, but a Monday morning sales meeting kicked off to the sound of a John Philips Sousa march or some other really upbeat piece will put smiles on the faces and vigor in the soul.



New and Used Car and Truck Sales

21 Sunday Sale. Just because you are closed on Sundays doesn't mean your dealership can't work for you. In fact, many customers



prefer to browse without the "help" of a salesperson. Advertise special prices on select cars good for the following Monday only, and attach a box containing a salesperson's cards to each. It won't be a blue Monday.

22 "Adopt" a Customer. The following message goes to customers of former salespersons: "I was going through our records recently and I discovered a disturbing fact. Since you bought your car in 1975, your salesperson has left the business. This means that you are left to your own devices, alone and unprotected but not necessarily unloved. After serious consideration, the solution to this problem became clear—adoption."

The salesperson then offers to adopt the customer "to help protect you from the slings and arrows of disinterest and confusion."

23 Cassette Messages. More and more dealers are putting them in demo cars. The cassette never forgets any of the pertinent information on the car.

24 Pen Pal. A follow-up letter of thanks to new-car buyers contains a pen with the car's logo as a token of appreciation for their business.

25 Try Before You Buy. A 4-month, 5,000-mile "lease" on factory rebate or dealer incentive cars at the full sticker price. A high percentage of qualified buyers drawn to the promotion will buy right away at some discount, and most who take the "try" option purchase at the end of the period. For those who return the cars, the dealer still breaks even. A variation of this theme is to apply rental charges against the sale price of a new car.

26 Buy Back. It's just that simple. Used-car customers have 48 hours to drive the car and make up their minds.

27 Take Their Picture. Give them the camera—a great way to let customers know that the day of new-car or truck delivery is as special

to you as it is to them.

28 Polaroid Prospecting. For undecided prospects, how about a Polaroid picture of the car they want sitting in their driveway. Just leave the pictures and your card in the mailbox and wait for their calls.

29 House Calls. Another good way to close that borderline deal. The car always looks better when it's parked in the customer's driveway.

30 High Mileage Prospects. Use your computer to record all customers coming through your service department with over 50,000 miles on their vehicles. These are prime prospects for new vehicle purchase.

31 Used Car Factory. What's in a name? One dealer boosted used-car sales 25 percent by calling his lot a "factory" which gives the customer what he or she wants.

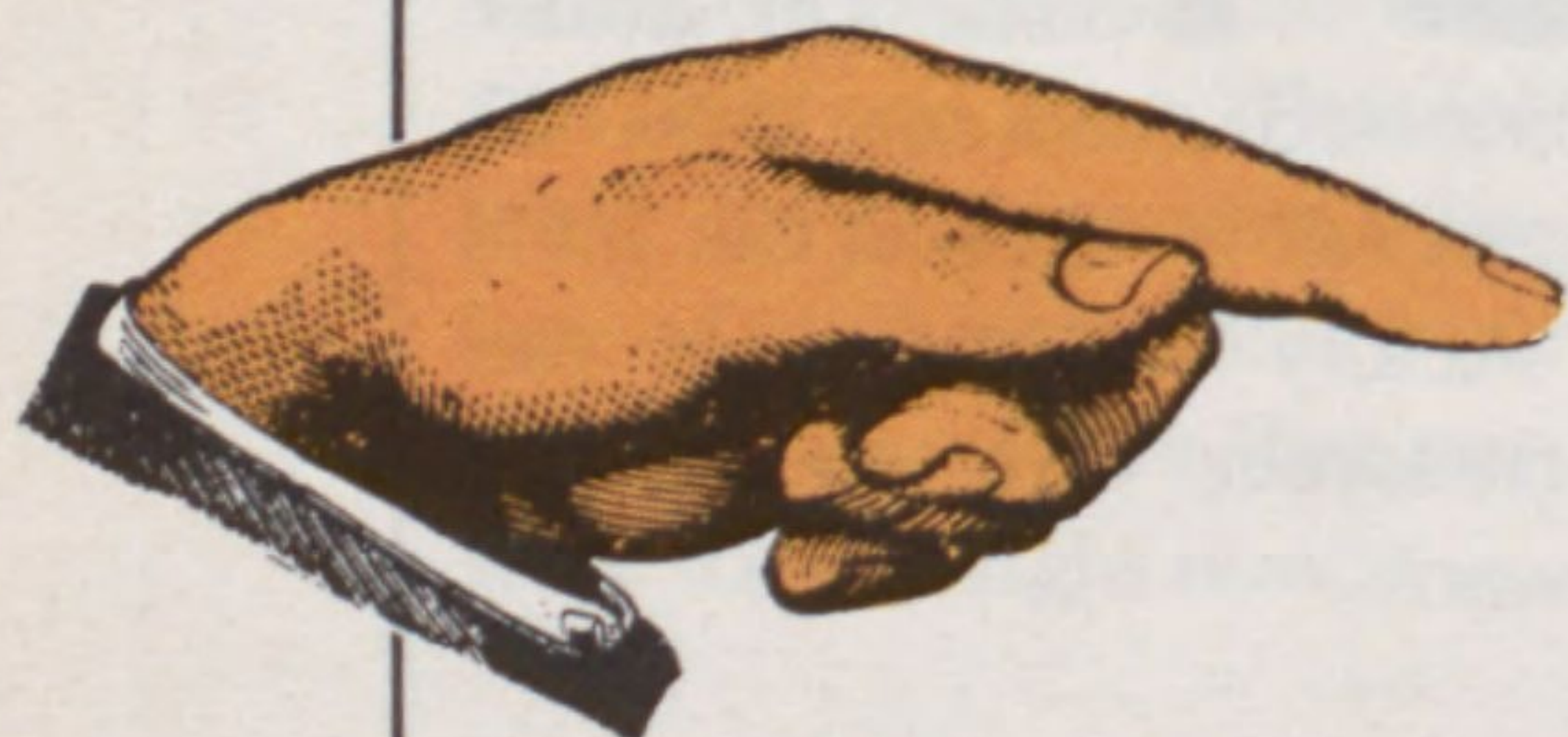
Service, Repairs and Parts

32 Maintenance Display. Remember those pictures of diseased lungs that got you to quit smoking?

Well, you can do the same thing in your service and parts departments with a display board of what extreme driver neglect does to car parts. A gooey, filthy oil filter or mutilated brake drum is indeed worth a thousand words.

33 Non Prime Promo. Most service departments have slow time, say Wednesday and Friday afternoons. But a special discount rate during these times can ensure a busy shop all the time.

34 My Card, if You Please. The mechanic's business card, with recommendations for additional service noted on the back, has been very effective when left on the dash for the customer to find. Dealers report increased customer loyalty and referrals.



35 Battery Advertising. The first thing most people do when a vehicle won't start is to look at the battery. Make sure cars sold and serviced at your dealership get an adhesive sticker on the battery that has the phone number of your service department. Another sticker promoting collision

repair should go inside the glove box.

36 Guaranteed-to-Start Card— a great traffic fic builder. Each tuneup customer is given one which reads, "If we tune up a car and it doesn't start, we pay the tow."

37 Service Due Sticker. It's so simple but it really works. Make sure every new, used and just serviced car gets a card with the date it should be back for service.

38 Service Refunds. Yes, refunds. Review your paid customer repair orders from about 90 days ago, and select 10 or 12 on which an overcharge or misunderstanding could exist and issue a refund check—usually \$5 to \$10. Talk about your image builders!

39 Reaching Out. Send attractive young persons to call on businesses in the community. They can introduce your dealership services to new customers and explain new services to old customers. If there have been any problems in the past, your rep can also help smooth ruffled feathers and possibly bring customers back into the fold.

40 No Charge Services. Make sure that every ticket written by a service

writer has at least one "no charge" service performed. In today's high price environment, those two little words are sweet indeed.

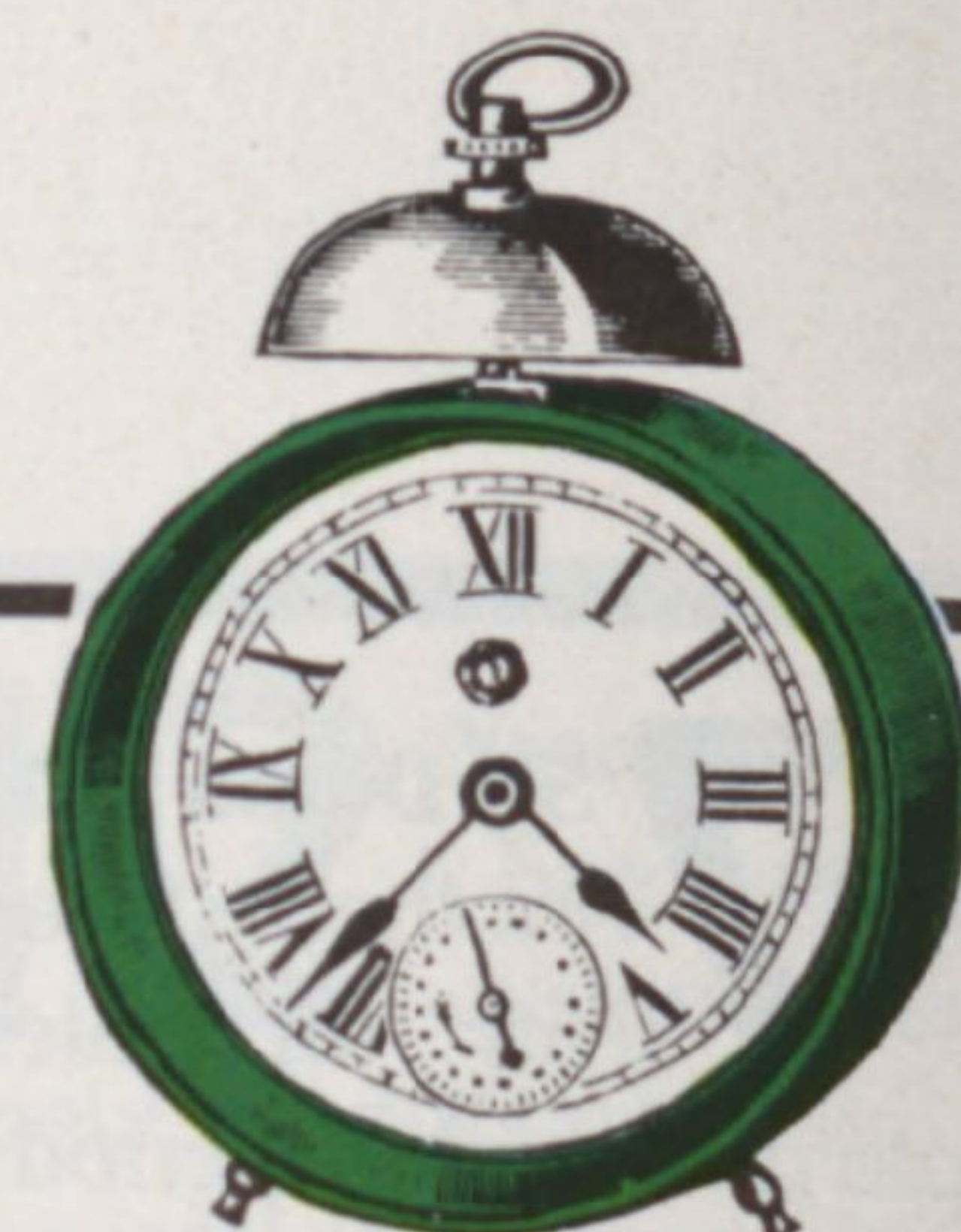
41 Mass Merchandiser Service Estimates. In the category of "fight fire with fire," get a written, signed estimate on common, quick-turn service items from a successful, well-known mass merchandiser, then match the pricing. Post your prices and theirs in your shop and put it in your ads.

42 Service AutoGram, a very effective mailer announcing service specials. Include 10- to 15-day expiration date on the promotion.

43 Capitalize on Comebacks. Offer the customer a \$5 or \$10 service coupon for future use.

44 Ask for Body Business. Follow up each body-repair estimate with a letter outlining the dealership's facilities, equipment, and number of skilled technicians.

45 Thanks for the Service. Try ours. That message attached to every check mailed to your vendors and suppliers can't help but bring their business to your business.



46 Free Safety Inspection. Give it to all service customers and see one- and two-item repair orders shrink while multiple ROs rise.

47 Quick Change Artist. It only takes 15 to 18 minutes to change the oil filter, fill the battery, windshield washer and radiator, and lube hinges and doors. Why not advertise it as a special service while the customer waits? Customers love the convenience.

48 Service Invitations to all new-car owners who did not buy from you are a proven service builder.

49 Free Body-Shop Estimates for all cars needing body work that go through your service department. Your body shop employees will wonder where the leisure went.

50 Discounting Old Parts and Accessories. Get rid of them with irresistible prices. If that doesn't work, take spot bids or have a garage sale. Also, send a list of your obsolete parts to all the other dealers in your area. You will be surprised how many sell.

(continued from page 19)

the way consumers shop for and decide on vehicles is rapidly changing...Consumers want to be informed and facilitated. Instead, our research shows they are confused, frustrated and irritated at the whole buying experience.

"So cost and competitive pressures, coupled with consumer preferences, say that retailing must change and the value added by the dealer must increase. The customer is truly king," Hemphill says.

For dealers who can adjust to this new business environment, the future looks rosy. Hemphill notes that aside from the potential adverse effects of another fuel shock, an uncontrollable federal deficit that could keep interest rates high, and protectionism that could paralyze the industry and keep prices high, all other economic and demographic factors indicate "America's love affair with the automobile is alive and well."

"The baby boom is coming of age, and households are increasing faster than the population is increasing. Dual-income households remain at a high level, with an increase in multi-vehicle households and licensed drivers. Productivity is recovering beyond expectations, inflation is stabilized, fuel prices are down, and product availability is positive."

The only thing holding back the current recovery is new-car prices. With sticker prices up 60 percent in five years, the average new-car price is now over \$10,000—\$7,000 higher than the average used car. This has brought a higher income buyer (\$37,000 per household) into the marketplace who is better educated, more discriminating and more demanding. According to the Power studies, 27 percent of today's buyers visit four or more dealerships, and the conversion rate is one-in-four.

All of which, says Hemphill, "puts the dealer between the dog and the fire hydrant today."

"On the one hand, we have customers who want personal attention, top service, hassle-free buying, trouble-free ownership and value with their pur-

chase. Dealers, on the other hand, are driven by volume—in part, increasing because of lower margins, the desire for economy of scale, and higher cost for more professional management in the handling of multi-lines of vehicles. The danger lies in losing touch with the customer."

The obvious key to success is customer satisfaction.

"In a consumer-driven market the dealer is a vital link with the customer, and customer satisfaction is the all-important bottom line," says George-Ann Rosenberg, editor of the *Power Newsletter*, who also spoke at the workshop. Rosenberg points out that only 40 percent of customers surveyed by Powers gave dealership sales forces a favorable rating. She played tapes from consumer group interviews, and then summarized their litany of complaints.

"Consumers always complain loudest about their salesperson," Rosenberg says. "They always gripe about high-pressure sales tactics, and they don't expect to get any useful information from the salespeople. Consumers don't like the barter system because they are never sure whether they got a deal or were ripped off, and they feel nicked and dined to death on options."

"If there were alternatives to a dealership," she adds, "many consumers would flock to them, even if it meant ordering a car through a catalog."

Hemphill emphasizes that "marketing is more than salesmanship, and unless we embrace this idea of customer satisfaction we risk losing the repeat business that is so important to the survival of the franchise. Satisfied customers spread the most powerful message of all about your business."

How important is the satisfied customer to the future of a dealership? Powers' customer surveys show two-thirds of the car-buying population gets information about new cars from someone who owns one, their own prior experience, and car-knowledgeable friends. Only a third say they get any useful information from dealers, and only 5 percent say the dealers were the most influential factor in their purchase.

"Yet the dealer does make a difference," Hemphill stresses. "Where the customer would recommend the service department to someone else is one of the most highly correlated factors as to whether they would purchase the same make or buy from the same dealer. Of these customers, 59 percent would purchase again. Only 11 percent of those who would not recommend the service department would purchase the same make."

"A curious thing occurs in service," Hemphill says. "Dealers are way ahead of independents and chain stores in competence and equipment. Why does the service department have to be a second-class citizen in the dealership?"

Hemphill says reward systems need to be applied in the service department to encourage customer satisfaction. Better training for technicians and personal relations training for service advisors are necessary. And he calls for a new partnership between dealers and manufacturers, in which dealers are rewarded for high levels of customer satisfaction.

He offers the following recommendations for sales: "Make sure sales personnel are thoroughly informed about product—both theirs and the competition; assess sales tactics in light of shopper characteristics; assess compensation strategies in view of market changes; require test drives of all car prospects—only 30 percent currently do so; and take time at sales meetings to update information on product and consumer needs and wants."

The payoff is a happy customer and a secure future.

View from the Factory

"Ours is a people business, and we must never lose sight that the customer is still king," says NADA Convention speaker Marilyn King, contemporary marketing manager for Ford North American Automobile Operations.

Sound familiar? King's view of current and future marketing trends was remarkably similar to those of the J.D. Powers & Associates speakers. She emphasizes that the proliferation of tech-

nology, increased discretionary income, traditional role changes, increased leisure time and mobility, longer life and greater choice of all kinds of products and very different methods of obtaining information about them have "inundated consumers with options and change, and increased the complexity and fragmentation of the selling process."

Both manufacturers and dealers "must recognize the numerous individual needs and preferences of specific consumer groups in their markets,"

King says. "The successful dealers will be those who can sense the shifting moods of tomorrow's customer, and respond with appropriate strategic marketing programs."

Manufacturers have already taken that tact. Although Ford only builds nine different types of automobiles, King points out that marketing strategies are aimed at the many subgroups within each type of automobile. For example, much more marketing effort is now directed at women. More than half of all adult women work outside the home,

and that new purchasing power accounts for four out of 10 new-car sales.

There are also more than 45 million mature consumers—55 or older—who buy 39 percent of all luxury cars and 45 percent of all large cars. The purchasing power of Hispanics (12 percent of new-car purchases) and other minorities is growing, and the affluent account for 26 percent of sales with an expected rise to over 40 percent by the early 1990s. Add to that regional, social and generational preferences and you have a real pot-pourri of target groups.

Manufacturers and dealers have a "joint responsibility to communicate the product story to the consumer in a meaningful way and in terms the consumer can understand," King says. With today's high-technology cars "the challenge is how to bridge the serious gap between the many applications of technology and the consumer's acceptance of them." One way, she suggests, "is to translate technology into benefits and sell benefits, not features."

Good advertising, King notes, should convey hard information, help simplify the purchase decision and depict the dealer as a professional with an understanding of new life styles. Radio, network TV and the print media are still effective means of getting this message across, she says, but dealers may be able to target their audiences better with cable TV, home computers or direct mail. In other words, pay close attention to the revolution in communications.

Market surveys are excellent means of tracking trends and buying patterns in your area, but King says "what this takes first and foremost is listening to your customers." And that means a more informed, professional sales staff.

"The successful dealer will develop a long-term outlook, will factor in the trends in the market and turn those trends into opportunity...by directly and indirectly placing consumers first and foremost in sales marketing and service strategies." □

Ted Orme is contributing features writer for Automotive Executive magazine.

IDEABANK

Have you considered joining an NADA 20 Group? It could mean more profit for your dealership. According to NADA studies, the average 20-Group dealer's profits are better than other franchised dealers. Not only do dealers benefit from the close scrutiny of their business's performance that takes place at 20-Group meetings, they get the chance to share new ideas with their peers.

A major part of every 20-Group meeting is devoted to analyzing members' composite financial reports. The composite profit-centers each department and compares the results of group members. Broken down in detail are figures on new and used-car sales, parts movement, service volume, body shop operations and other key departments. Each member receives a monthly composite as well as two special studies per year.

Established in 1969, NADA's 20-Group programs serve domestic and import car dealers, medium and heavy-duty truck dealers and lessors. The groups, composed of non-competing dealers, meet three times per year, for two to three days. NADA's 20-Group consultants—12

in all—average 28 years' experience with the auto industry.

To serve dealers' changing needs, NADA recently developed two new 20-Group programs—Internal Management Report and Limited Volume. The Internal Management Report (IMR) program is tailored to the chain dealer with three or more dealerships. The program includes management team seminars and a special computerized statement that compares dealerships selling different makes of vehicles.

NADA's new Limited Volume program is designed to meet the needs of smaller volume dealers selling fewer than 400 units annually. The program provides dealers with virtually the same performance analysis services as 20 Groups, but on a smaller scale. Members receive a quarterly financial composite, and participate in semi-annual business meetings.

For further information about any of these programs, contact Bob Howes or Bob Young, NADA 20 Groups, 8400 Westpark Drive, McLean, VA 22102-3591, (703) 821-7220. Ask about the special discount available during June.

—Gary James

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ANNIVERSARY

(For more information circle #3)



SERVICE CONTRACTS: Changing with the Times

Many savvy dealers have recognized for years that service contracts can be a big profit item for their dealerships. It is just during the past few years, however, that the majority of dealers "saw the light." And this, coupled with increased consumer awareness of the product, has led to a booming service contract industry that is "growing by leaps and bounds," according to Tom Meisenzahl, vice president of First American Warranty Corp.

"We think it is a growing industry," says Dick Bergmann of the Heritage Insurance Group. "In each of the last two years, our business has doubled."

Marshall Roe, manager of Ford's Extended Service Plan (ESP), agrees. "Over the past two to three years, retail sales have doubled," he says, "and I

think that trend will continue. Service contracts are a rapidly expanding portion of the aftersale business, and it's still in a major part of its growth curve.

"Our research," Roe says, "indicates that about 20 percent of vehicle purchasers buy some kind of extended service coverage now, while another 20 percent would be interested if they found a program that suited their needs. So that means if programs continue to get better and offer more benefits, and more dealers begin to participate, we can get that extra 20 percent. Wherever our volume is now in the industry, it still has the potential to double."

So what are the service contract companies doing to draw more dealers (and thus more consumers) into the business to continue this growth? They are providing more customized programs, expanded and flexible coverage, more soft benefits and increased used-car coverage.

Expanded Coverage

Through market research, the service contract industry has discovered what dealers and consumers want—namely more items covered and more extras—and are tailoring their products to meet these needs.

"Service contracts seem to be migrating toward more coverage," says David Burkhart, vice president of Mechanical Insurance Associates (MIA). "Dealers

by Joan Rubin

want more items covered, and customers basically expect it."

The General Motors Continuous Protection Plan (GM-CPP), for example, has just released a new service contract for front-wheel-drive Cadillacs, Oldsmobiles and Buicks. "This program is different from anything else on the market," says Al Thomas, GM-CPP manager. "It covers things no other service contract has ever covered."

"A normal service contract," he says, "will list the parts it covers—usually the major mechanical assemblies. Well, our new product turns that around. We only list what we don't cover—just normal maintenance and trim items. Everything else on the vehicle is covered."

First American Warranty Corp. says it is refining its basic program to make it more flexible and more appealing to the customer.

"Through our programs," says First American's Meisenzahl, "dealers can offer customers comprehensive coverage with a lot of extras, or they can provide customers with a reduced coverage program at a reduced rate."

"Our reduced-coverage program still offers full eight-component coverage, but we've taken out items like convertible top motors, power windows and seats—items that many cars don't have. Customers who buy cars without that equipment don't need that coverage and don't want to be charged for it. By providing this option," says Meisenzahl, "we will be able to reach customers who might otherwise not purchase a service contract."

Soft Benefits

"There is only so far you can go to cover a car mechanically," says Davis Flynn, national sales manager for American Warranty Corp. "We cover pretty much the entire mechanical part of the automobile, but if you want to be competitive, you have to enhance your product with soft benefits."

Soft benefits are those items that are related to the repair, but are not directly part of it—such as rental car allowances, towing, etc. More and more companies are tacking these types of benefits onto

their service contracts, because they hold a definite appeal to consumers.

General Warranty Corp., for example, has just added membership in the Amoco Motor Club to its new vehicle coverage program. Dorothy Lockey Seiler, vice president of marketing, says, "This provides the customer with all the standard motor club benefits—emergency road and towing service,

\$ervice contracts can be a continuing generator of profits for a dealership, but dealers should make sure they carefully check the company and the product to make sure they get the right package for their dealership.

To achieve profitability goals, dealers should align with a service contract company that "handles service claims so well that the customer is happy to be doing business with an organization that protects them," says David Burkhart of MIA, adding that this approach "tends to increase repeat business for the dealer."

Dealers should also make sure that the company makes service claim payments as quickly as possible, to improve cash flow at the dealership.

And dealers should demand a service contract company that is able to provide full training for its F&I staff. "With a well-trained F&I staff," Burkhart says, "a dealer can set his own level of desired service contract profits. When a service contract company has a competitive product, it's easy to sell coverage, and the dealer can determine the best price—and therefore his profit." □

check cashing, trip guarantees, car rental discounts, trip routing—at no additional charge."

American Warranty Corp. recently added a travel benefit. "If a customer is away from home and his or her car breaks down," says Flynn, "we will pay

that customer up to \$50 a day for expenses incurred while he or she waits for the car to be repaired. This feature, tied to the other benefits we offer, has really enhanced our program and appeals to dealers and consumers."

Increased Used-Car Coverage

The service contract companies have followed the increase in used-car sales with increased component coverage, increased mileage coverage and increased soft benefits for their used-car programs.

This past April, for example, Ford ESP introduced an "all-new industry first in the used-car segment of the service contract business," says Roe. "The program, called variable time and mileage coverage, provides our dealers with a relatively lost-cost program that they can either offer to their customers for one single price or include in the price of the vehicle. And if a customer wants more coverage, he can buy up to one of our existing, more comprehensive programs."

"Since we've announced this program," Roe continues, "we've received very favorable response from Ford and Lincoln-Mercury dealers. They see it as an innovative method to provide their customers with basic, low-cost coverage."

"Along with this new, unique program for used vehicles," he adds, "we offer maximum coverage that is very similar to new-car coverage. It covers major components, provides rental assistance, towing—the whole bonus structure."

Consumer Awareness on the Rise

"The average consumer on the street today knows more about service contracts than he did 10 years ago," states Meisenzahl of First American Warranty Corp. "Back 13 or 14 years ago when we got into the business, the average consumer thought service contracts were strange and mysterious documents and didn't want to buy them. Today, however, service contracts are very well-known and a lot more people are buying them."

"I think consumers have become acutely aware of the service contract," agrees Bill Noble, Republic Warranty Corp. "Even as short a time as three years ago the average consumer didn't even know what service contracts were. Now, consumers are becoming more attuned to purchasing."

General Warranty Corp.'s Seiler sees service contracts as "very much of an up and coming product for the consumer. As people are choosing—or being forced—to keep their cars longer, they're finding that a service contract is a valuable option to buy with their car."

"Consumers are beginning to realize that as cars become increasingly more sophisticated, repairs become more difficult and require the sophisticated diagnostic equipment and technical skill found in dealership service departments," she says.

"As cars have become much larger investments, people are just naturally interested in taking better care of them and controlling their future costs for the car," she says. "That's why more and more people are looking into service contracts."

"People want some level of confidence that whatever they're buying is not only worth what they're paying for it, but will continue to operate," says MIA's Burkhart. "If it doesn't, they want to know someone else will pay for the repairs."

"A lot of times," he says, "industry people make the mistake of thinking that consumers aren't very sophisticated. But I think they know that when they purchase turbocharged cars, diesels and 4x4s, there's a higher risk involved in owning these cars in terms of repair costs. These new owners," he concludes, "are far more inclined than they used to be to purchase service contracts."

State Regulation

One area that is of major concern to service contract companies is the increase in state regulation of the industry, a trend that most companies welcome, feeling it will clean up the industry and protect both dealers and consumers. "The federal government has pretty much

backed off this area, but there has been a tremendous impact in the last year in state regulation," says Flynn of American Warranty Corp. "It's an item that's been on the back burner for quite some time, and it's now being recognized as an area that needs to be tightened up."

"In January of this year," says Lloyd Andersen, president of Lloyd Andersen & Associates, "Senate bill 1025 was passed in California as a means of regulating the service contract industry. We drafted this bill, and were instrumental in assisting the Northern and Southern California Motor Car Dealer Associations in its passage. Many states across the country have already proposed legislation duplicating this bill, or are in the process of doing so."

Andersen says this bill provides total protection to the consumer, dealer and lender even in the event of non-payment to the service contract administrator or insurance company by the dealer, or due to the insolvency of the dealer or the administrator. All customers may file a claim directly with the insurance company if they cannot get satisfaction from the dealer or administrator of the service contract program. This also holds true for lenders, in that they may file a claim.

"We feel this is the ideal legislation because everyone is protected and the ultimate liability lies with the insurance company to make sure the administrator they choose to do business with will act properly," Andersen says.

First American Warranty Corp.'s Meisenzahl says, "We see more and more regulation coming into the various state insurance departments because the dealers are making so much upfront profit on service contracts, which is starting to get some notoriety among consumers. In Florida, for example, the suggested selling price to the consumer of service contracts is already regulated by the state insurance department as if it were an insurance policy, even though it really isn't an insurance policy. Arizona, Kentucky and several other states are heading in that same direction."

"Service contracts," Meisenzahl says, "could be regulated to the point some

day in a lot of states that the only thing that could be sold would be a pure insurance policy, à la mechanical breakdown insurance."

Other Trends

A trend that independent service contract companies do not support is the move by the factories toward extended warranties on new vehicles. "I see more and more factory involvement and participation in the marketplace in the future," says Heritage's Bergmann.

Says Burkhart of MIA, "I don't know if that trend is because they feel the independents are cutting into their sales so much that they decided, well, if we can't sell it we'll just give it away and charge it to the price of the car; or whether they feel they need it to compete against other manufacturers."

"I know for a fact," Burkhart says, "that it's not in the dealers' best interest for the factories to warrant cars for longer and longer periods of time. That cuts severely into the dealers' profit structure, of which service contracts are a large part."

Profitability

Dealers know that service contracts are highly profitable for them on the front end, but not many think about the profits service contracts provide to the back end. But service contracts, says Roe of Ford ESP, "are legitimately as profitable on the back end as they are on the front end."

"It takes longer to book that profit," he says, "because the customer keeps coming back for five years, but the profit is just about equal—I've run those figures out, using our costs, and I would say it's almost dollar for dollar. But," he cautions, "to get that profit, your service department has to be a conducive place for the customer to do business. If it isn't, he or she will take their business somewhere else." □

Joan Rubin is assistant editor of Automotive Executive magazine.

Making The Right Choice

Building a successful automobile dealership takes years of dedication. It takes planning, hard work, and requires sound management decisions. Those who accomplish this goal are rare indeed. But the business world does not stand still, and the dealers who continue to succeed understand the need for change and expansion.

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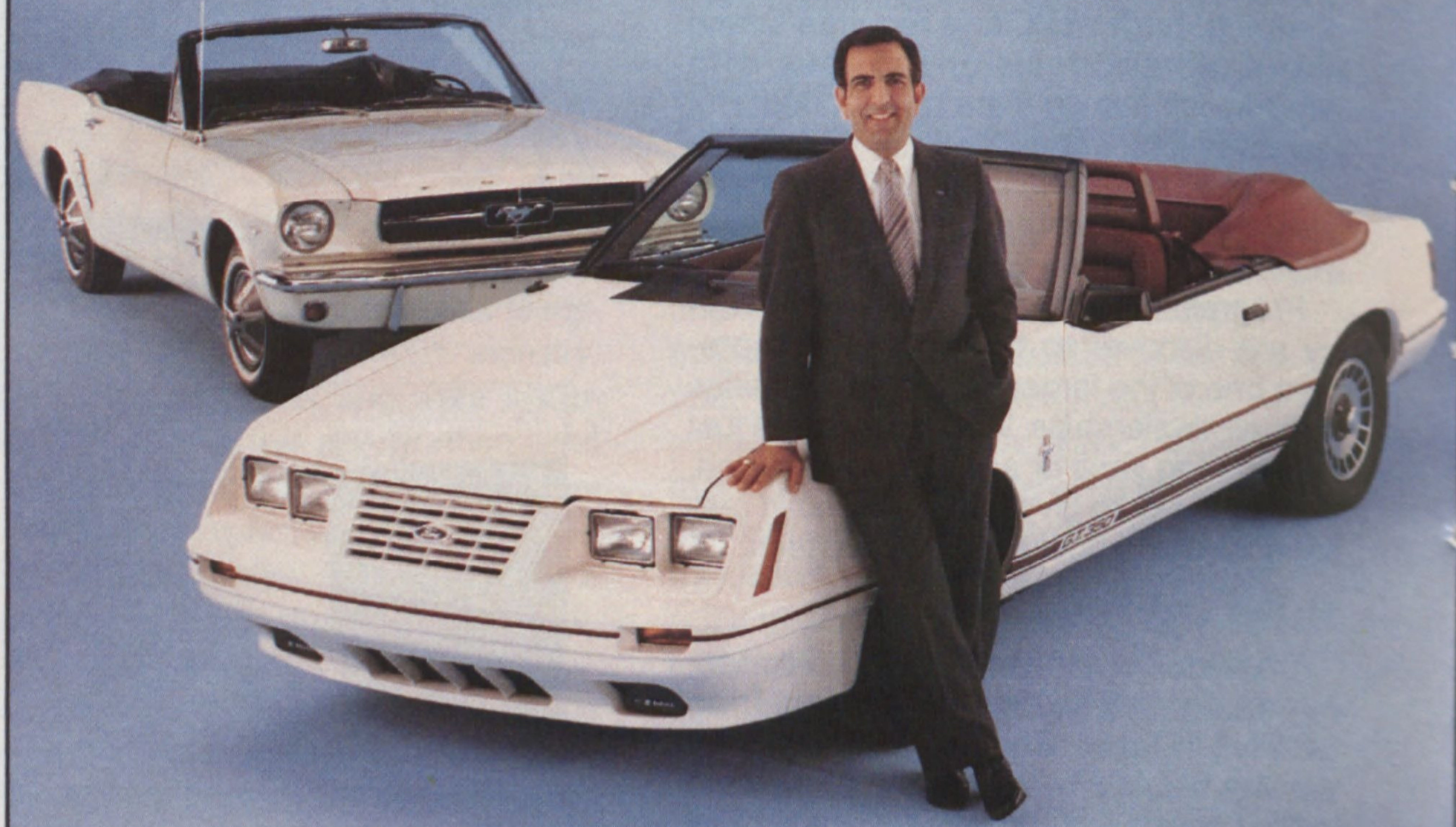
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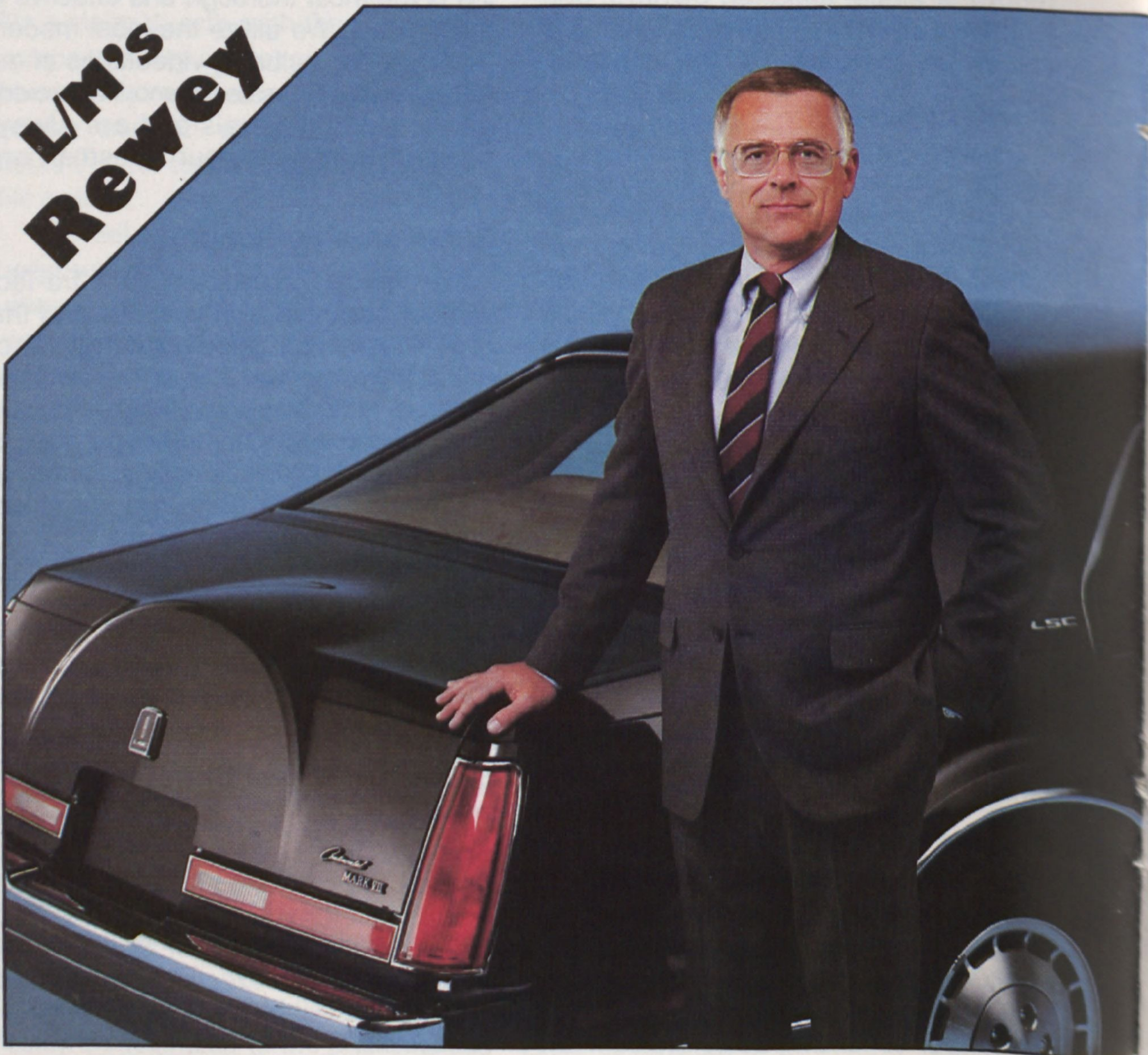
Industry Interviews

by Ted Orme

**Ford's
Lataif**



**L/M's
Rewey**



This is a good time to interview Ford Motor Co. executives. After losing more than \$3 billion from 1980 through 1982, Ford rebounded dramatically last year with a \$1.8 billion profit. Sales for the first quarter of 1984 are up a whopping 46 percent over 1983, setting the fastest pace of any U.S. auto maker.

Ford is on a roll, and Lou Lataif's dark eyes fairly dance when telling why. It could be this sparkle and enthusiasm that first attracted Ford recruiters to Lataif 20 years ago, and what helped catapult him to his current job as Ford Motor Co. vice president and Ford Division general manager.

The son of Lebanese immigrants, Lataif was sent off to get an education so he could run the family rug business in Fall River, MA. But after graduating from Boston College with honors and completing his MBA at Harvard Business School, he began to seek broader horizons.

Knowing that most MBAs stayed only two years with the company they started out with, he decided to "go with a company that would add to my value." An offer to join Ford as a marketing analyst

seemed to fit the bill, and, in May 1964, Lataif landed in Detroit with his wife. They found a place to stay that day and he began work the next. "And the good news is I'm still employed," he laughs.

Working his way through a variety of marketing and sales jobs with Ford, Lataif earned the reputation as a solid administrator and a progressive thinker. Though he takes no direct credit for it, his contribution to Ford's dramatic turnaround has been significant.

Keying that turnaround is Ford's rising reputation for quality and its high-stakes gamble on aerodynamic design, or the "jelly bean" look, as some have labeled it. It doesn't hurt the company ego one bit that Thunderbird was the number-one selling nameplate in the fourth quarter of 1983 in California, the most sophisticated, trend-setting car market in the country. Nor does it displease the company that Thunderbird is selling three times as well as its predecessor and is attracting a younger group of buyers—36 years old as opposed to 41 for the old T-Bird.

Lataif is quick to point out that "driver orientation" is behind the styling at Ford, not aesthetics. "When you say I

want a car that fits the driver well, handles the road agilely, and is quiet and responsive—that gets you to aero. It's not the other way around. It isn't that someone decided what pretty shape will make us look different...there is a functional logic to aero."

Lataif believes the public is "infinitely wise, and cars that deliver on their promises are going to do well. The most exciting thing now is the kind of response we get from people who own our cars. Ford dealers will tell you nothing sells a Thunderbird like an owner. Eight out of 10 said they would not have bought a Ford if Thunderbird were not available. That's remarkable."

The average Tempo buyer is eight years older than the average T-Bird buyer, but Lataif doesn't see this as any indication of a soft spot in the public acceptance of the aero look. "I don't think Tempo was designed as a 22-year-old's car," he says, pointing out that "Tempo buyers are 13 years younger than the Fairmont buyers a year ago, they are more educated and they have higher incomes. That is—directionally—where we want to go."

(continued on page 36)

For a man who just took over the top job at Lincoln-Mercury Division in February (and one who just quit smoking five days before this interview), Bob Rewey is remarkably composed.

Auto industry executives are supposed to act that way, of course, and Rewey is a 21-year veteran of Ford Motor Co. marketing, advertising and sales programs. He is a salesman who likes to take the initiative and not play defense, which had been the main game in Detroit the past few years. But the gears at Lincoln-Mercury are churning out a different story these days, and it's a story Rewey likes to tell.

Maybe that's because L/M showed a 49-percent increase in fourth quarter 1983 sales, compared to an industry-wide increase of 24 percent. It also had a full point gain in market share during that period, and a jump from 3.5 percent of the market in 1981 to 6 percent today. It has the highest customer satisfaction rating of any domestic nameplate too, all of this according to a J. D. Powers & Associates consumer survey.

Ted Orme is contributing features writer for Automotive Executive magazine.

Those kind of numbers would give any lion courage, and it's obvious Rewey has conquest on his mind as he rattles off some more facts: Grand Marquis is the division's volume leader, Cougar is second, and the production of the Lincoln Town Car, Continental and Mark VII is at maximum capacity. The average age of the new Cougar buyer is 36—11 years younger than its predecessor, and the average age of the Topaz buyer is 44, eight years younger than former Zephyr buyers. In addition, 43 percent of Topaz buyers had not bought a Ford product in 10 years. And there is solid evidence that the new Mark VII is intercepting potential sales of upscale European cars, particularly in California.

And that is just the current crop of cars. This fall the Mercur franchise becomes reality, and its first offering, the German-built XR4Ti, takes dead aim at the BMW, sporty sedan crowd. Merkur dealers will get 20,000 to 25,000 of these high-performance, turbocharged derivations of the highly successful Sierra XR4i from Ford of Europe. The following year, dealers will see an upscale four-door sedan to lure Mercedes cus-

tomers, and in the future the franchise "will draw from the world of Ford," Rewey says. Could that mean even an Italian-skinned exotic? He won't say. He just smiles.

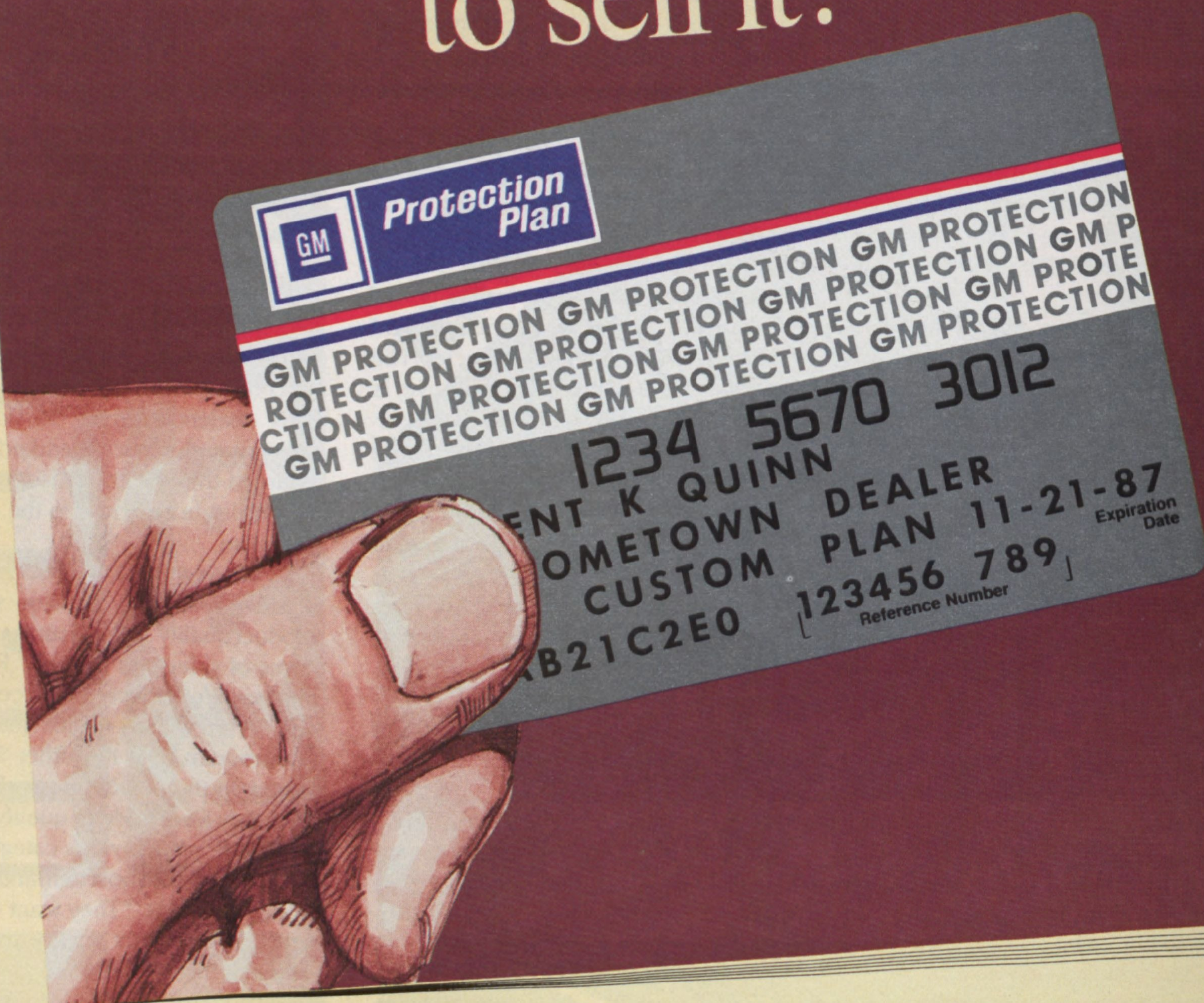
The Mercur (pronounced Mare-coor, which is German for Mercury) franchise will be offered as an incentive to all 840 Lincoln/Mercury-supervised dealers. Only dealers meeting division-quality delivery and service standards will be awarded the new franchise, which will be similar in structure to the old Capri franchise.

"We have made tremendous progress at Lincoln-Mercury Division with both product quality and consumer quality in terms of sales and service," Rewey explains. "We believe 95 percent of our dealers are with us on this quality delivery program, but the other 5 percent must join the parade. Basically, this is what they have to do to qualify."

"People who buy this category of car are probably the most demanding in the world," he adds. "They want quality in buying it, they want quality in the way it is pre-delivered, and in service. We have to assure ourselves that everyone

(continued on page 36)

Announcing a better
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Add the GM Plan's increased dealer profits, improved quarterly bonus program and improved customer benefits for 1984, and you've got five great reasons to make sure every one of your new vehicle purchasers is offered America's No. 1 selling new vehicle service contract: The GM Protection Plan.

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*In California, service contracts purchased at the time of vehicle sale can only be financed on a vehicle installment sales contract.

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(For more information circle #12)

Lataif

He concedes that T-Bird and Cougar have done a better job of attracting import buyers, and therefore

younger buyers. But he explains that Tempo/Topaz was designed for a more conservative segment of the market. In that segment, he notes with pride, "Tempo alone in two body types outsells all the K-Cars in three body types from three divisions and all the X-Cars from all four GM divisions combined. That's the public voting."

Lataif concludes the public response to Ford's aero look has been "outstanding, and there is nothing in the public acceptance of it that wouldn't cause us to stay right on that path. The next major installment people will see is the Aerostar—our mini van—which will be the most aerodynamic vehicle in its segment."

Considering Ford will be the last of the Big Three on the market with a minivan, what sales position does the company hope to achieve? "Leadership," he says matter of factly. "It will unquestionably be the best vehicle in this seg-

ment—car or truck usage. We have a better payload, towing power, performance, more engine options, better fuel economy and more passenger conveniences. I've longed for it but I'll wait."

Like the "no wine before its time" ad, Ford is applying the same philosophy to its products. "This company is inexorably committed to building the best vehicle in every single segment in which we compete," he explains. "That may sound like motherhood, but I think we have delivered on our promise."

Lataif notes that Ford was six months behind the Chevrolet S-10 pickup and 20 years behind the imports in small cars, and everyone in the company was eager for a competitive product. But they could not get it until the system was ready to build the best in those segments. The Ranger and Escort both achieved that goal. And three years ago, when Ford dealers were clamoring for a diesel, "the company said we will not build a dishonest product and dieselize a gasoline engine, which is the only way we can get you a diesel quickly," he adds. Ford now has the 6.9-liter truck diesel developed for International Harvester, which Lataif says is widely re-

cognized as "the best in the industry," and the Escort and Tempo, co-developed with Toyo Kogyo, which are selling at a rate of 6 percent. Industry-wide diesel sales are running about 2 percent.

The Aerostar has been created from a clean sheet of paper, with an entirely new platform, and will not be advertised as a car or a truck but as "a very aerodynamic vehicle with all kinds of consumer value," Lataif says. He expects the Aerostar to find its way into substantial commercial use, as well as being popular with families in much the same way the Ranger and Bronco II have been.

He also expects demand for full-sized vans and trucks to continue unabated as long as fuel costs stay moderate, which "most forecasters say they will for the next several years." The shortage of C-6 automatic transmissions should be relieved somewhat by the introduction of a new overdrive automatic for the Ranger. This will free up some C-5 transmissions for application where only C-6s were available.

But Lataif warns that, because of difficulties in meeting CAFE standards for

Rewey

who has that franchise is as committed as their fellow dealers and we are to that goal."

Rewey emphasizes that he is not harping about the quality of the dealer body.

"We know dealers have improved their delivery of sales and service quality," he says. "I can see it. I know it's there and they know it's there. We know that we are about midway to where we want to be, and what we want to be is number-one in quality in each class of cars we compete in. We want to be best in class."

L/M has already achieved that distinction among domestic manufacturers, according to a Powers survey which saw L/M rise from 14th place in 1982 to seventh place last year. Ford Division, with the same manufacturing quality gains, moved from 18th place to 11th. The only explanation for the difference between the divisions, according to Rewey, lies in consumer satisfaction programs like the Lincoln Commitment Program.



trucks, some mix management may be required. "We have already done that this year with an abnormally high mix of six-cylinder trucks with manual transmissions, but dealers have managed to keep the whole thing in balance."

The outlook for heavy truck sales is really rosy, at least for the next year or two. As Lataif explains, "Heavy truck business moves directly with capital spending. The recovery last year was driven by consumer spending, not in-

dustrial spending. But this year, there is a lot of capital spending and inventory rebuilding, and the heavy truck business is off the chart with an annual demand in excess of 300,000 units"—a 50-percent increase over 1983.

"That bodes well for the next 18 months, because that is the lead time on the orders," he adds. "And if the economy stays robust, as we anticipate for '84 and '85, the next few years look very good for the heavy truck business.

If the economy sours, the heavy truck business will feel it first."

With the economy booming and its products selling well, Ford has announced its desire to expand its dealer body to 5,000. But, as Lataif explains, that figure "is not a top-down number. It is a bottom-up number. Each market has been surveyed, and we've identified areas where we need representation. The sum of that comes to 5,000."

Lataif emphasizes, however, it is not in the company's interest to dilute the volume or profitability of existing dealers, but to expand its total market share. "The difficulty is that any time we approve an overall plan with the dealer council there is general agreement until we get to 'his' town. But we have told dealers time and again that wherever there is a close call, we want to err on the side of the existing dealer."

Satellite stores "represent an excellent opportunity to accomplish what we are after," says Lataif, who notes Ford now has 71 satellite outlets—31 sales only and the balance sales and minor service.

(continued on next page)

Black-and-white photographs by Ted Orme



Lataif talks with Robert Pulliam, chairman of NADA's Ford Line Group.

Begun in 1981, the program includes coordinators in each parts and service office to troubleshoot problems. Customers are given a toll-free number for any questions and complaints, which are then expedited to the zones. Customers are also surveyed at 30 days, six months, 12 months and 24 months to check on their state of happiness. L/M went one step further and surveyed owners of 1977 to 1981 Lincolns, and found, to its pleasant surprise, that 85 percent are happy with their cars.

That was also an encouraging indication of the quality of dealer sales and service, because, as Rewey points out, "the consumer is looking at the total picture. If he has a problem, he doesn't care whether the dealer did it or the manufacturer did it."

Lincoln-Mercury is spending a lot of time listening to customers these days. The division is offering free three-day test drives of the Mark VII (delivered and picked up at the customer's door) to selected individuals in 22 markets. Rewey says so far more than 7,000 people have taken advantage of the offer, and "we have made a lot of changes along the way because of their

suggestions." Like similar programs for Topaz and Cougar run last year, no attempt is made to sell testers the car, but Rewey admits, "we have had a hell of a lot of them buy the car they were driving."

A survey of nine L/M dealerships in California, where Mark VII sales "have been sensational," according to Rewey, revealed that many buyers had replaced their European cars with Marks or had not bought European cars because of the Mark—exactly what the company was hoping to hear. "The key strategy was to position this car to intercept some of those folks on the way to buying European cars," Rewey notes.

The instant success in California bodes well for Mark sales over the long run, because California usually sets the taste trends for the rest of the country. "And considering the Mark VII is such a drastic change from what we have been selling under that name, it's not surprising that some parts of the country are having more difficulty acclimating to it," says Rewey, who does not seem worried.

Lincoln-Mercury Division is also getting input from some 20,000 people in

five focus research groups in Kansas City, Rochester, NY, and three California cities to streamline and simplify the buying process for Topaz. "We don't talk, we listen," says Rewey. "And it's crystal clear what people want and how they want to buy a car." The focus groups led to an experimental, limited-option program for Topaz in California which has proved extremely popular with both buyers and dealers.

"The dealers know what to stock—only a couple of series choices and only a half dozen meaningful options—and they know which ones are moving," Rewey says. "They now have the car 85 percent of their buyers want, or they can get it that day." As far as the customers are concerned, "We see a quantum leap up in the trust people have in buying a new Topaz. They enjoyed buying a new car. And the dealers say they have never seen their salesmen so confident."

Removing the complexity from the manufacture, distribution and sale of its products is a major goal at Lincoln-Mercury Division. Rewey believes that computers and other technological aids will facilitate the selling process, but he

(continued on next page)

Lataif

Unlike Porsche, Ford is happy with its franchise system. "I don't know a better way to do it," says Lataif. "I'm very proud of the relationship we have with our franchised dealers, and I think it's getting stronger. My concern is it is being rattled at the bottom, not at the top. I'm concerned with the capacity shrinking at the bottom from increased dualing and from franchise laws that make it more difficult to get that capacity back or add to capacity."

"Every available study shows when you add B to A there is less A," he adds. "Yet it seems fashionable for dealers to talk about the wisdom of multiplying their franchises at the same facility." What happens, according to Lataif, is that the identity of the dealer as Mr. Ford or Mr. Buick changes to Mr. Automobile, and the partnership between manufacturer and dealer weakens because the dealer is now generic.

Lataif celebrated his 20th anniversary with Ford last month.

"Fortunately," Lataif points out, "85 percent of our dealers are still 100 percent Ford Motor Co. dealers," and he stresses that the company will be "working very hard" to strengthen the relation-



ship with its dealer body. A strong relationship will be a necessity to meet the demands of a consumer-driven, highly competitive market.

"We will have to be better in our human relations," Lataif says. "The baby boomers as a class are very well-educated and very sophisticated, and not likely to be fast-shuffled in any circumstance. The surviving dealers will have to be more professional—spend more time, be more product knowledgeable and be aware of what the competition has, and give more demonstration rides—because people are not brand loyal nearly as much as the generation before them."

Greater use of computers and other high-tech aids will make the selling process more efficient in the future. Ford Motor Co. is also working hard to remove some of the complexity in products and in its distribution system to simplify the buying process for customers and make it easier for dealers to order and stock vehicles. But the real challenge lies in improving dealer service.

Lataif calls service "an enormous competitive advantage," but adds, "it's

Rewey

doesn't see anything replacing the salesperson. "In 1972," he recalls, "we showed off a computer salesman, and it worked neat...it told you what kind of car you need, what the retail price was, it listed the options, and told you all the dealers who had it. But research showed that after the gee-whiz bang wore off, people didn't want to touch it with a 10-foot pole. They wanted to talk to a real human being."

"Car salesmen get a bum rap," he continues. "But most are very astute in the psychological process of helping a customer make a commitment to a \$10,000 to \$20,000 purchase. I don't think you do that with a computer."

That doesn't mean there is no room for improvement. "If you are trying to get the kind of buyer we are talking about, we have to find ways to get better-trained, more productive salespeople," says Rewey. L/M worked with a group of California dealers last year on a pilot

Buyers are becoming more sophisticated, says Rewey, and salespeople need to be better trained as a result.



always been disappointing there isn't more zeal for it." He points out that the two things that distinguish Ford's Vice Presidents Club dealers (the 100 largest) are "a zeal for customer service and a zeal for market share. And the irony is those two goals do not drive day-to-day sales. You can make good money any given month without selling volume or long-term service, but you have to have them for long-term health. That's the base of tomorrow."

Ford is assisting this effort with its Quality Care Program—21 specific service-related programs a dealer can pick from. Included in this package is Ford's lifetime warranty program, which 60 percent of Ford's dealers (representing 70 percent of Ford's business) have opted for. Lataif notes that is a much higher acceptance than many forecast, but he is hopeful it will go higher as dealers realize they can boost parts and labor sales with very little financial exposure.

Lataif emphasizes it will take dedicated teamwork by management, labor and the dealer body to meet the challenges of the 1980s and 1990s. Current indications are that he has it. □

Experience The Technology

"You cannot sell the Mustang SVO with a walk-around pitch in the showroom," Ford engineer Rob Martin told some 200 new-car salespeople gathered at Summit Point, WV, Raceway for a unique Ford sales training experience last month. "You take them out on a country road like Alice did with you."

Alice is Alice Ridpath, a veteran Sports Car Club of America road racer, who raised neck hairs and caused eyeballs to bulge as she powered an SVO through a couple "hot" laps over the twisting, rising, falling two-and-a-half mile race course. Each salesperson got a ride with her, as well as a chance to try their luck with an SVO and EXP through a demanding slalom course.

But this was no joy ride. It was a chance to "Experience the Technology," a bold new training program

conducted for some 3,600 Ford salespeople at race tracks in 18 districts across the country. In addition to the hands-on track experience and invaluable tips from Ford Division marketing experts on how to sell to the "enthusiast," they got comprehensive nuts-and-bolts presentations by Ford engineers on the principles of turbocharging, electronic fuel injection, electronic engine controls and computerized suspensions.

"The better our salespeople understand the advantages of these advancements, the more skilled they will be in explaining them to today's car-smart consumers," says Ford's Lou Lataif, himself a graduate of the highly acclaimed Bob Bonderant Driving School. "The salespeople not only get hands-on experience with these technologies, but they gain this knowledge in the environment in which these systems were first tested—on the race track." □

recruitment program to lure qualified salespeople from other fields. The division provided the screening and training tools, while the dealers combined for a major advertising campaign and did the actual interviewing for the dealerships. Based on the success of that pilot project, L/M will be offering the same program in 15 markets this year. But, as Rewey points out, "We do not want people with previous auto sales experience."

From his days as a district sales manager in Washington, DC, Rewey recalls "Beltway Eddie," who literally made a full loop of all the auto dealerships around Washington's beltway. "I don't want the first guy showing up in my program to be Beltway Eddie," he says. "There is nothing I can do with him. I would have to deprogram him first."

What does that say about our industry? Are we ashamed of our current salespeople?

"All it says to me is that in any dealership the top 20 percent of the salesmen do two-thirds of the volume and the bottom third don't contribute a lot."

L/M will be taking many of its salespeople and dealers to racetracks

around the country, as Ford did with its Experience the Technology program (see above story) to make sure they are thoroughly familiar with the technology and performance of the new XR4Ti they will be selling. And product knowledge and professionalism will be heavily stressed in all Lincoln-Mercury lines. Customer satisfaction will remain the ultimate goal.

"We have to make it easier for people to do things," says Rewey. "Everything else they do is easier. We have to make it easier to see and drive our cars."

Full representation in all markets will be part of that plan, but Rewey won't need to add many dealers to achieve it. He only foresees a maximum of 900 exclusive L/M dealers by 1990. There are currently 840 exclusive L/M dealers plus 1,846 dealers who dual Ford and L/M (they are counted as Ford dealers) for a total of 2,686 dealerships. The high-water mark for L/M exclusive dealerships was nearly 1,100 in 1978.

The division is experimenting with two shopping mall stores, one in Florida and one in Southern California, but it currently has no satellite stores. "We have not authorized any dealer to

go sales, or sales and service, in a primary trading area other than the one he is responsible for," says Rewey. "I'm not saying we wouldn't do it, but at the moment there hasn't been any reason to. No dealer has really asked us to, and there isn't any reason from a market coverage point."

Though the company is exploring ways to improve the way its products are marketed, Rewey emphasizes, "I don't want to characterize anything we want to do as a replacement for the trading implicit in the franchised automobile system. I don't know where to fix that. I don't know a way to replace it, nor would I want to."

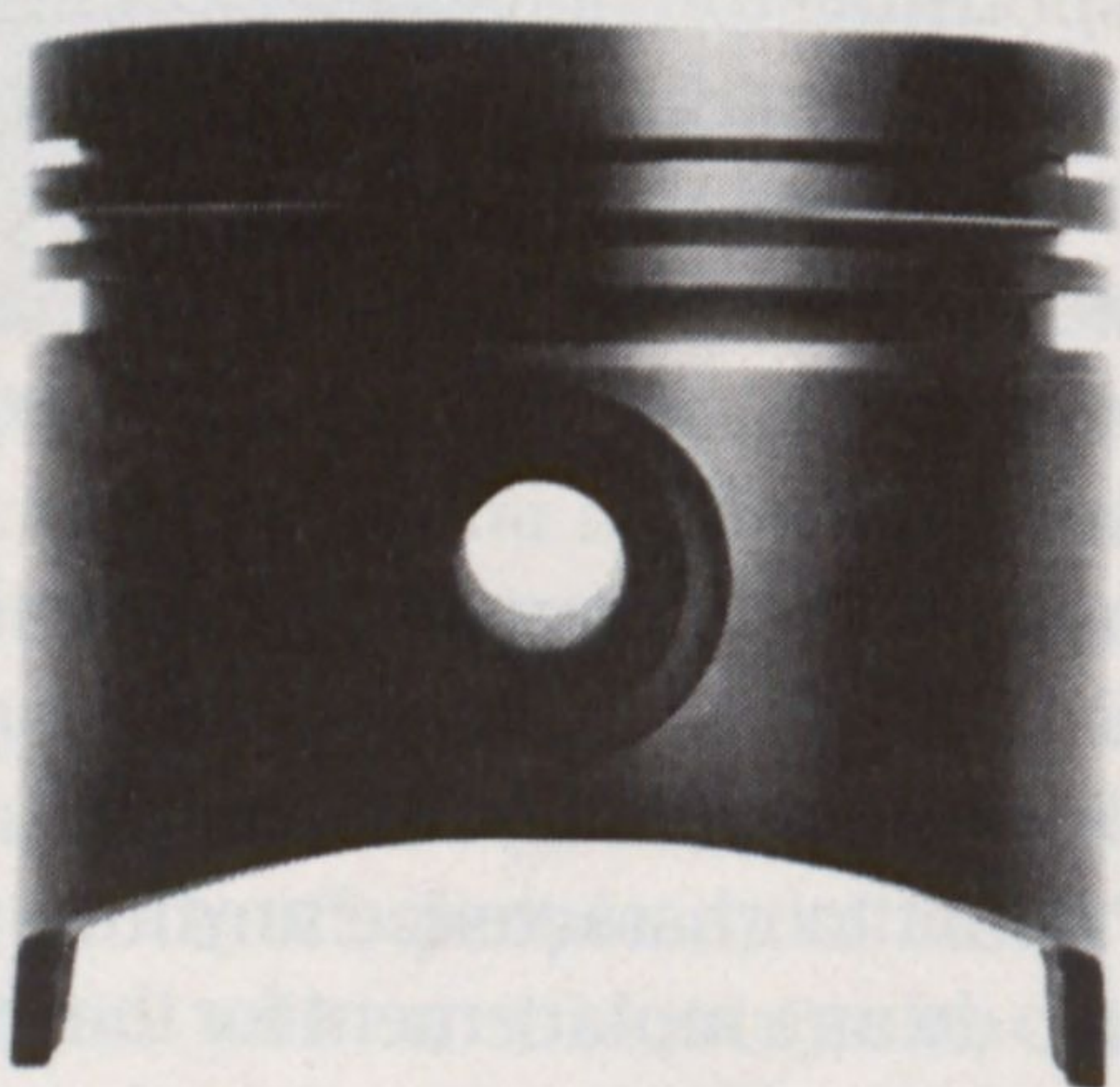
That is not part of the "plan."

"It may sound corny, but I believe we have our own plan, and know very clearly in our minds what we want to do through the rest of this decade," Rewey concludes. "We have developed this plan with top management—every operating entity in Ford Motor Co.—with our dealer councils and publicly with our dealers. We know what we want to do, and what it takes to do it."

"We want to be the best in our class, period." □

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Passing Muster

How the Approved Auto Repair Services Program
can give your dealership a competitive edge

by Gary James

Ford dealer Chris Koch didn't take the news easily. The American Automobile Association (AAA) had denied his application for its Approved Auto Repair Services program, saying the quality of service at his store wasn't up to standards. Down the street, a competitor was certified. The rejection encouraged Koch to take a fresh look at his backshop.

"I told my service managers that if the dealership doesn't measure up, then they don't measure up," Koch says. "All raises and bonuses were suspended until we earned our certification." To remind employees of their goal, Koch posted in his office an ad from his competitor, prominently displaying the AAA logo.

During the next six months, the dealership "turned things around," Koch says. "Everybody knocked themselves out to improve quality and communication." One service writer, found to be insensitive to customers' needs, was fired. When Chris Koch Ford reapplied for AAA certification, it passed with flying colors. "The boss is happier now," Koch says. "We've proven our shop's top notch."

Since 1975, AAA has been certifying dealerships, service stations and inde-

pendent repair shops nationwide. Modeled after AAA's well-known hotel/motel guides, the Approved Auto Repair Services program tells consumers that participating shops have achieved certain standards of service quality, equipment and training.

"There's no question this program is good," says Barry McNulty, a spokesman for the National Institute for Automotive Service Excellence (ASE), which certifies technicians nationwide. "It benefits both the industry and car owners. The emphasis is on customer satisfaction, as shown by the many surveys AAA takes of customers before and after certification. The program demands high quality."

AAA field personnel conduct rigorous inspections of facilities to determine if they qualify. Before final approval is granted, the shop must sign a contract with AAA. The contract specifies that the shop, when dealing with a AAA member, must offer a written estimate; make available any replaced parts; guarantee work for 90 days or 4,000 miles, whichever comes first; and agree to cooperate with AAA in the investigation and resolution of disputes.

The best feature about the program, says Koch, is "it doesn't cost a dime.

Even the red, white and blue AAA sign we have hanging outside the dealership was free. I've been in the program for about two years, and it's had a positive effect on the growth of our service business." (Koch's shop handles an average of 450 customer-paid repair orders each month.) "I won't say it has brought a flood of people in, but certification has given us an extra competitive edge. It conveys quality."

Poor garage work perennially heads the gripe list at the U.S. Office of Consumer Affairs. Consumers spend \$50 to \$70 billion each year on automotive repairs, says F. William Bendall, national director of AAA's program, "and when their cars aren't repaired right, it leaves them angry and frustrated. That hurts the entire industry."

In the early seventies, AAA surveyed its members and found they wanted assistance in locating competent repair facilities.

"The list of repair problems reported to AAA was growing all the time—faulty work, long delays, price padding, fraud, you name it," Bendall says. "We started this program to identify for our millions of members those repair facilities that consistently provide honest, high-quality workmanship. At the same time, we

wanted to encourage shops to stand behind their work."

AAA Approved Auto Repair Services was launched in 1975 with pilots in Orlando and Miami. The program now operates in 25 states from coast to coast, as well as in Canada. Out of the 3,200 shops participating in the U.S., about half are new-car dealerships, Bendall says. The rest are service stations, chain outlets and independent shops.

According to Bendall, AAA has set no limit on the number of repair facilities it will accept. "We hope every repair shop in the country applies to join," he says. "But they'll have to pass muster."

High Standards

AAA coordinates its service program through member clubs. So far, 35 AAA clubs participate, with more joining all the time. Everywhere the program is operational, there are long lists of garages seeking approval.

Each time Approved Auto Repair Services expands into a new market, staff from AAA's national office in Falls Church, VA, go to the site. These representatives, all service industry veterans, help the local club staff set up the program. They also screen applicants.

The screening process takes about three months. To determine the quality of service performed by a shop, AAA pulls repair orders, surveys customers and conducts on-site inspections. Reports from Dun and Bradstreet, the Better Business Bureau and the Consumer Protection Agency also are reviewed.

AAA looks for specific indicators of quality. Work areas must be clean and attractive. At least one technician must be certified by ASE in each type of service offered. Quality control and training programs must be in place and functioning.

A shop doesn't have to service all cars or deal with every mechanical problem to qualify for the program. But AAA does ask that a member shop offer at least these services: engine tune-up, brakes,



**Approved
Auto Repair**

As dealer Koch says, even the sign provided by AAA is free.

minor engine repair, electrical systems and either tire, steering and suspension repair, or heating and air-conditioning work.

Most dealers have no problem meeting AAA's equipment standards, Bendall says. Where they sometimes run into trouble is in the area of customer satisfaction. "Studies show that unhappy customers tell nine or 10 other people about their experiences," Bendall says. "So we place heavy emphasis on a service outlet's reputation in the community. It's critical to us that AAA shops communicate clearly with their customers, and that they fix cars right the first time."

For every shop that earns AAA certification, an average of three are rejected. The final decision is made by the local AAA club, based on information gathered in the study. If a shop is turned down, Bendall says, it can reapply for certification in six months. "A number of facilities have upgraded their service and been admitted," Bendall says. "That's our aim."

Feedback and Follow-Through

When AAA establishes the Approved Auto Repair Services program in a new locale, the local club usually holds a series of press conferences. Local clubs also issue press releases naming new shops, publish brochures about the program and circulate lists of approved

garages to members. Public awareness is enhanced by the large multi-colored signs each facility displays on the premises and by a certificate of approval in the customer waiting area.

Because AAA's good name is on the line, the association and its clubs keep a close eye on how participating shops treat their customers. AAA doesn't actually fix cars, but it does monitor performance and mediate disputes that arise. Each club employs at least one service representative, usually a skilled technician with factory or field experience, who calls on shops every 60 days. In addition, AAA reinspects each facility in the program once a year.

"The AAA people are super," Koch says from his store in Turnersville, NJ. "They give us a lot of constructive criticism. And they also keep us on our toes, because if we don't continue to meet their standards, they'll yank our certification."

AAA asks participating shops to distribute "query cards" to AAA members at the time service work is completed. The cards, which ask questions about quality of work, courtesy and efficiency of personnel, are pre-addressed to the local AAA office, where monthly tabulations of results are kept. All costs, including postage, are borne by AAA.

"We received 400,000 responses during the first half of last year," says AAA's Bendall. "Ninety-six percent said they were pleased by the quality of service, and 97 percent said they'd return to a AAA shop."

During the same period, 25,952 complaints were received. Of those, 55 percent were found to be justified. The figure may seem high until you realize that it represents less than one percent of all work performed, a good record in anybody's book.

Included in the Approved Auto Repair Services contract is a provision that requires shops to abide by AAA's decision in any dispute involving a AAA member. Only AAA members receive this assist-

ance. AAA's decisions are binding on the facility, which can either complete the repair or refund the charge to the customer. Failure to comply jeopardizes a shop's certification.

Anytime a local AAA club receives a complaint, either by phone or by card, its service representative follows through to make sure the problem is resolved. He contacts the member and the shop to determine if the complaint is justified. If it is, the car goes back to the original shop, at the shop's expense.

"We inspect the car within 24 hours of the complaint," says Bendall, "and settle it within five days." The most common problems? Poor workmanship, misdiagnosis, lack of communication and cost of repair.

Koch says the requirement to abide by AAA's decisions poses no difficulties for his dealership. "We've never had a serious dispute, but if we did, I would do everything possible to settle it quickly. You don't have to force me to satisfy a customer. If the dealer is worried about that, he doesn't belong in business.

"When a ruling goes against a dealer—which will happen—he shouldn't get uptight," Koch adds. "AAA doesn't make problems up. A dealer may not think his AAA representative is right 100 percent of the time, but I've found their decisions to be very fair."

Koch recommends AAA certification to every dealer. "I have nothing but good things to say about the program. It brought us some new customers, and has given us an additional advertising advantage. And with the ongoing surveys, we are able to stay in better touch with customers' needs."

For more information, contact F. William Bendall, AAA, 8111 Gatehouse Road, Falls Church, VA 22047. □

Gary James is senior editor of Automotive Executive magazine.

The Plymouth-AAA Trouble Shooting Contest, a nationwide competition among high school auto mechanics, returns this June after a four-year absence. For the first time, AAA is a joint sponsor with Chrysler-Plymouth.

The championship, which tests top students from all 50 states on state-of-the-art auto repair, will be held June 17 to 20 on the grounds of Arlington Stadium, home of the Texas Rangers baseball team. The competition includes a written examination and a "hands-on" test, in which students repair a fleet of identical Plymouth Turismos. Each car is uniformly "bugged" so that students have the same malfunctions to diagnose and repair.

Prizes totaling \$125,000 include scholarships, expense-paid trips for students and instructors, trophies, tool sets and other awards.

The national competition marks the culmination of competitions held through spring, beginning with written exams and continuing with "hands-on" state meets. More than 175,000 students from 2,700 high schools are participating. The winning two-person team from each state goes on to the finals.

"The Trouble Shooting Contest is a big incentive for talented high school students to become auto service technicians, a field where there is both opportunity and need," says A.C. "Bud" Liebler, general marketing manager for Chrysler/Plymouth.

The program began in 1949 in Los Angeles when area Plymouth dealers discovered that well-trained auto mechanics were in short supply. School officials, at the time trying to encourage students to enter the field of auto mechanics, cooperated in the program's development.

From a local event involving 17 schools and 50 students, the Trouble Shoot became national in scope, with championships held since 1962, each year in a different city.

After the contest, Trouble Shooters are contacted in an effort to find them jobs as apprentice mechanics in dealerships and other repair facilities near their homes. About two-thirds of the participants usually accept jobs in the auto business.

For information contact John Moore, Manager, Plymouth/AAA Trouble Shooting Contest, AAA East Florida, 590 N. Primrose Drive, Orlando, FL 32803, (305) 894-3333. □

—Gary James



When the American Automobile Association (AAA) was founded 82 years ago, there were only nine auto clubs and fewer than 1,000 members. Today we are the largest motor club organization in the world, a federation of 167 motor clubs with more than 24 million members in the U.S. and Canada.

Even during the early years, the association championed car owners' rights and worked for safer automobiles and paved roads. Many unreasonable laws restricted automobile use. Laws in one state conflicted with those in another and there were no uniform licensing standards.

Motorists today take for granted many of the association's early achievements. AAA clubs posted the first road sign system on our highways, pioneered formal driver education, organized the school safety patrol movement nationwide and helped get Congress to pass the first federal aid to highways act in 1916. AAA also helped draft the Highway Act of 1956 which created the Interstate Highway System.

AAA clubs are firmly rooted in the communities they serve. That is one of the strengths of our association. We are a people-to-people organization, stressing personal service. AAA clubs are autonomous, not-for-profit, fully tax-paying organizations chartered under state law and governed by their own officers and boards of directors. Board members, selected from among influential community leaders, serve voluntarily, without pay.

The AAA federation is governed by officers and directors elected at the association's annual meeting. National headquarters, here in Falls Church, VA, deals with such matters as club accreditation and maintenance of AAA standards for member services. We develop and test new member services, create marketing and advertising programs for club use, and offer a broad range of management assistance. As president

PEOPLE Serving PEOPLE

A look inside the world's largest auto club

by Jim Creal

of AAA, I am responsible for the administration of our national headquarters and its divisions, which include 13 full-service clubs located in various parts of the U.S.

AAA's Purpose

The two basic purposes of our association are to provide direct auto and travel-related services to members and to serve the best interests of the car-owning and traveling public in promoting safer, more enjoyable travel by car and other modes.

Like your organization, we constantly work to improve our member service and to influence the direction of public policy on matters pertaining to an individual's right to travel.

To help members enjoy travel and get where they're going on time, AAA has become perhaps the largest travel organization in the world. We publish nearly 270 million travel-related publications each year, including the familiar AAA TourBooks, CitiBooks, sheet maps and insert maps for Triptiks—our

Jim Creal is president of the American Automobile Association (AAA).

personalized routing service. Our own cartographers and editorial staff produce these materials, with high-technology aids, such as satellite photography.

AAA clubs are among the largest retailers of domestic and foreign travel services. Both members and the general traveling public can book chartered or escorted tours by bus, rail, ship or air, or make individual travel arrangements anywhere in the world at any of our 680 travel agency locations in the U.S. AAA travel agents sell more airline tickets than anyone except the airlines themselves.

Serving members' travel needs is only half of the equation, however. At both the state and national levels, the association lobbies to protect the interests of motorists and the traveling public. Two issues currently at the top of our legislative agenda are highway funding and measures to deal with drunk drivers.

Finding an acceptable legislative formula to restore and rebuild the nation's aging highway network has been a major concern to AAA. Many sections of the Interstate Highway System have reached the end of their 20-year "design life" and require substantial rehabilitation. Forty percent of our nation's bridges are functionally obsolete.

Today, funds from the Highway Trust Fund are being committed to meet that need because of an increase in highway user taxes provided for in the Surface Transportation Assistance Act (STAA) of 1983. One feature of that legislation was a nickel-a-gallon increase in the federal gasoline tax, four cents of which went to the Highway Trust Fund to complete the Interstate system and to restore the nation's highway and bridges.

Each year, an estimated 25,000 individuals die in alcohol-related auto accidents. Five thousand of them are teenagers. To reduce this carnage, we have urged the 31 state legislatures that have not yet done so to adopt laws making 21 the legal minimum drinking age for all

alcoholic beverages. Such measures would reduce significantly the number of alcohol-related auto deaths among teenage drivers, who are now learning to drink at the same time they're learning to drive.

Tougher law enforcement measures, alone, will not reduce the number of drunk driving fatalities over the long term. The problem calls for a systematic approach which involves cooperation and communication among law enforcement officials, public school administrators, teachers, parents and community agencies providing services for chronic alcohol offenders. We also support dealers' efforts to help eliminate this national problem.

We believe that alcohol education and rehabilitation is a vital part of the process. Through education, we can end the myths and invalid perceptions about the relationship between alcohol and driving. AAA has developed alcohol education programs designed for each school age group from kindergarten through high school. Currently, an estimated 5.5 million pieces of instructional literature have been distributed in all 50 states to schools and community groups through local AAA clubs.

Future Challenges

Although AAA is the largest motor club organization, with 27,000 employees and more than 1,000 offices, new motor clubs backed by oil corporations, insurance companies, retail stores and even auto manufacturers have sprung up in the past decade.

To stay ahead of the challenges of this aggressive competition, AAA follows a formal planning process that sets objectives three to five years ahead, backed by specific annual goals to be achieved by each of its four main lines of business including:

- Membership services (basic motor- ing services)
- Public and government services (public service work)

- Travel agency services
- Financial and insurance services

Our advertising emphasizes the significant difference between our full-service auto club operations and those that are primarily mail-order clubs requiring their members to write in for service.

Regardless of rapid changes in the auto club marketplace, the two main purposes of the association have not changed. We will continue to serve our members face-to-face and work to preserve the freedom of mobility for all Americans. □



More than 200,000 stranded motorists called AAA's Supernumber in 1983, double the number of calls made in 1982 when the nationwide toll-free emergency system was introduced.

Supernumber links AAA members, who encounter vehicle problems while outside their home club area, with trained telephone counselors on duty 24 hours a day at AAA headquarters in Falls Church, VA.

AAA members simply dial 1-800-336-HELP. Counselors ask for their membership number, and the area code and first three digits of the phone number from which they are calling. Within seconds, Supernumber's computer database matches the telephone number with the caller's location and the nearest AAA service facility.

More than 90,000 localities are listed in Supernumber's computer, which is updated daily. Listings include all communities with populations of 100 or more, plus interstate highway exits, military installations, AAA offices, parks, and popular tourist attractions.

Although Supernumber is meant to provide AAA members with emergency road service information, counselors occasionally receive other "emergency" calls. For example, a young couple calling from New York State asked for the number of the nearest church so they could get married right away.

Another counselor received a call from an irate non-AAA member complaining about his AAA-member neighbor who left garbage cans in his driveway.

Offbeat calls are rare. Most callers use the service when they are away from home and need help locating a reliable emergency road service facility so they can continue their trip.

In fact, 2,300 such callers needed help on Christmas day, the busiest day of the busiest month at Supernumber.

This year could be even busier. AAA reports a 79-percent increase in calls in January and February compared with the same period in 1983. Some 17 million emergency road service calls are handled by AAA clubs each year. □

The ROUTE of the MAPMAKER

It takes an estimated 4,000 man-hours to create an American Automobile Association map before it finds its way inside a car's glove compartment.

AAA, long recognized as the world's largest publisher of travel materials, has created more than 2,800 different maps since the early 1900s.

Each year, the motoring federation produces nearly 200 million strip maps for its Triptik system. Triptiks are individually tailored routings adapted to each traveler's needs. The system covers more than 107,000 miles of highway in the United States, Canada and Mexico.

AAA prints 31 million sheet maps. They include all 50 states, eight European countries, Canada, South America, the Caribbean, plus regional, special area and city maps.

TourBooks, CitiBooks and CampBooks account for another 31 million publications each year. Incorporating 469 different maps, these books list and rate 19,000 accommodations and restaurants and provide information on points of interest throughout the U.S., Canada and Mexico.

A unique combination of modern cartographic technology and reliable on-the-spot road reporting is the key to the accuracy of highway information produced by the 24-million member association.

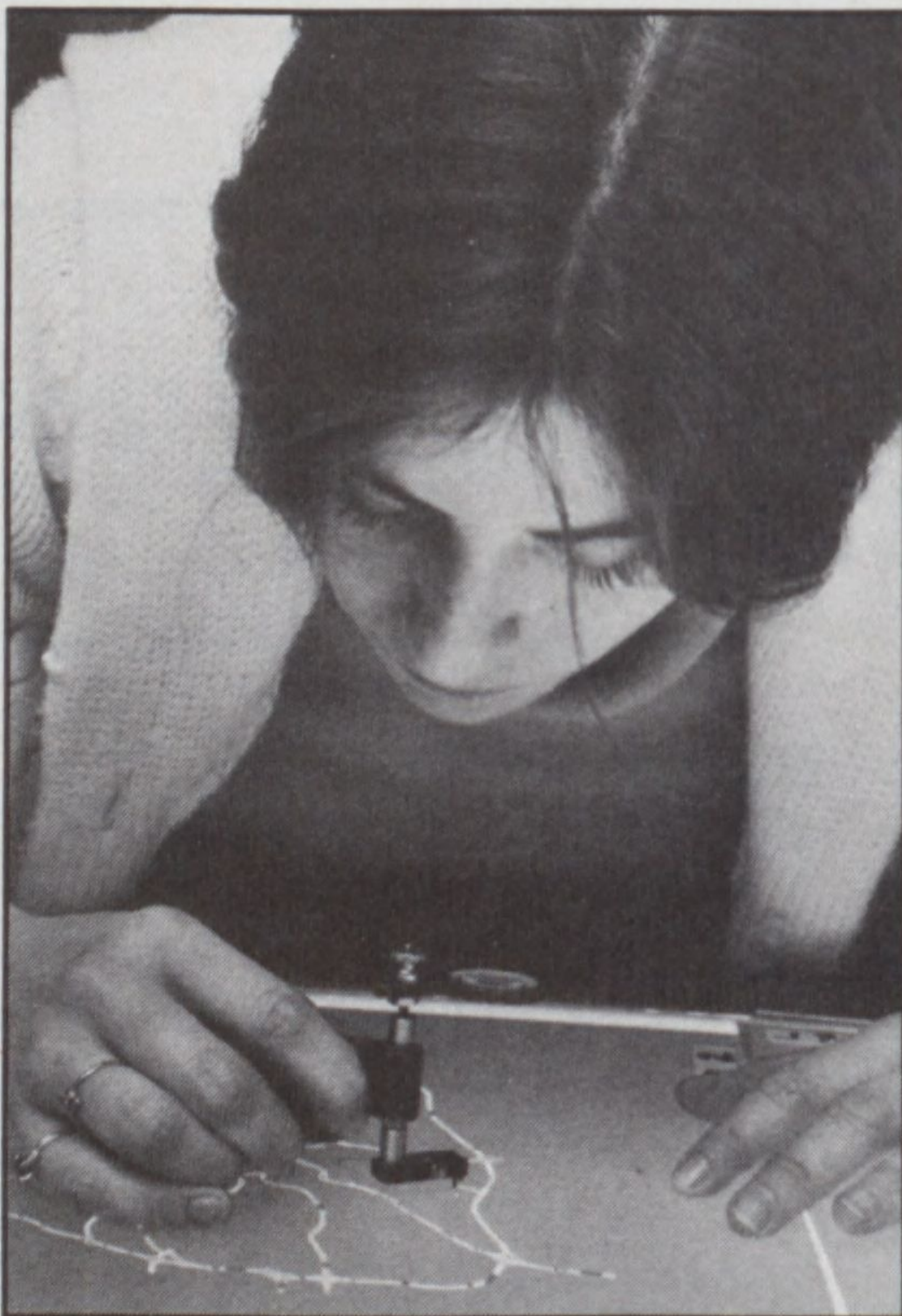
"Although it takes an average of 18 months to create a map, to my knowledge, we are the only map-maker that revises our existing maps every year," says Ken Porter, AAA's director of cartographic services. "Commercial map-making companies revise their maps maybe every two to five years."

AAA's reputation for accuracy has been tested on several occasions. A U.S. district attorney called on cartographic experts to testify in a murder case with respect to the defendant's claim that he had taken a certain amount of time to drive from one point to another.

Government agency investigators and even other map-makers have approached AAA for up-to-date highway information.

Behind the reputation and the nine-figure publishing statistics is a map-making team at the National Travel Department at AAA's national office in Falls Church, VA.

Cartographers and draftsmen study aerial and satellite photographs and painstakingly scribe by hand each highway, river, boundary and other detail on film sheets. Photo lab technicians process film and prepare proofs for numerous editings. Sometimes, up to 20 sepa-



AAA cartographers and draftsmen scribe by hand each highway, river, boundary and other detail.



Photos by Sue Klemens

rate overlays are required to produce one four-color map.

Researchers maintain contact with county and state highway department officials across the country, keeping tabs on road construction status and highway changes.

Complementing the researchers are three full-time road reporters who spend two-thirds of their time driving primary highways in North America.

Road reporters each drive as many as 60,000 miles a year collecting information crucial to revising AAA maps and highway information.

Driving cars equipped with custom-made desks located between the driver and passenger seats, road reporters take notes on mileage, driving times, construction, detours, rest areas, interchange design, scenery, and gas, food and lodging facilities.

Reporters also interview highway department officials and engineers and pick up information from local AAA club offices, chambers of commerce and visitor centers.

Notes from road reporters are given to the research staff which, in turn, applies the new information to master copies of maps in progress. The road reporter plans the next trip and drives off for another two or three months of information gathering. The cycle continues.

"We are like a big wheel that never stops turning," says Porter. "We collect information and revise a map almost up to the time it leaves our office."

While computerization is in the future for map-makers like AAA, chances are automated cartography will not replace the integral human factor in AAA's map-making operation.

"There's no question that computerization could help us reduce revision time," Porter explains. "However, we will continue relying on the most reliable resource for our information—the human being."

There seem to be no robot road reporters in sight, either. □

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Otto Dealership: Throwing Caution to the Wind

Photos courtesy Beckman Associates



Walt Otto had invested lots of time into researching the perfect dealership facility. So he wasn't going to let a little thing like an economic recession slow him down.

by Debra Moses

Economic uncertainty in the late '70s and early '80s caused many automobile dealers to cut back on inventories and cautiously avoid new investments. But one executive in the industry took that time to do what few others were doing: he invested more than \$5 million in his store and extended the product line. While others eschewed risks, Walt Otto took them.

Since 1976, Otto has run one of the largest dealerships in upstate New York—Otto Oldsmobile/Cadillac/Isuzu in Albany. To keep up with growth, last July he moved his operations to nearby Colonie, NY. The grand opening was the culmination of 18 months of research and design that included tours of 30 top dealerships in the eastern part of the country.

In sheer size and magnitude, the Otto dealership is impressive. Gregory J. Seleman, architect, estimates that it took 300 to 400 construction personnel to ready the site and build the 40,000 + square foot building. The dealership occupies 11½ acres, the equivalent of three football fields lined up end to end, and holds an inventory of up to 800 cars at one time.

"We designed the facility with customer service and comfort in mind," Otto says. A tour of the building confirms this. It is a combination of glass, red oak and brick, and the latest designs in lighting, mirrors, panelling and plush carpeting.

The showroom is designed to give the customer privacy in a relaxed environment while viewing or ordering a car or truck. Sales personnel use nine closing booths exclusively for sales and order writing, and an "off the showroom" office for their daily tasks. "This answers the problem of having too many salespeople on the floor at once," Otto says. "We try to keep the number to four at any one time to avoid confusion and prevent the customer from feeling pressured."

Otto installed the latest computerized automotive inventory control system, enabling the sales department to easily and efficiently access inventory and costs. The system is linked to other de-

partments and to the main computer at Oldsmobile and Cadillac, so staff can order cars directly from the factory and then monitor the progress of those orders.

Enroute from sales to service, the visitor passes through the car rental area and customer lounge. "The Ajax desk is a convenient feature," Otto says, "which provides low-cost rentals to customers whose cars are being serviced." The lounge, complete with overstuffed sofas, oak tables and soft lighting, gives the customer a comfortable place to relax while waiting.

State-of-the-Art Equipment

The first thing one notes upon entering the service department is its size. Customers requiring service drive into a

semi-circular waiting area that can accommodate 10 vehicles. Otto points out that in bad weather, customers do not have to get out of their cars to check in for service. A team of writers at a control tower desk complete the service orders as customers pull in. From a glass-enclosed office above the desk, on its own second level, the service manager oversees the department.

"We designed the department to expedite all servicing jobs," Otto says. "Customers requiring complicated repairs used to wait up to a few days for service. Now we can get to them in just a few hours." Also speeding up the process are 25 bays. Both center post and dual post lifts provide flexibility.

The department includes a state-of-the-art computerized alignment, spin

balancing and diagnostic center. A separate rustproofing bay is used for in-house undercoating applications. The unit repair room next to the service department provides a clean area for the rebuilding of engines, transmissions and smaller automotive parts.

The service department features a fluid inventory control system. Dispensers are hooked into fluid tanks in the parts department containing oil for gasoline and diesel engines, anti-freeze and automatic transmission fluids. Otto

A night view of Otto Oldsmobile/Cadillac/Isuzu's new facility in Colonie, NY.



Tony Cianfarni, a service technician at Otto, uses the fluid inventory control system. Hooked into tanks in the parts department, the system provides oil for gasoline and diesel engines, anti-freeze and transmission fluids. It reduces both the cost and the waste of individual containers.



Otto heads a sales meeting in his "bullpen," an off-the-showroom office used by the sales force for daily tasks.



buys these fluids in bulk and passes the cost savings on to customers. "The system eliminates inefficient use of these fluids, and the refuse generated by individual containers," he says.

The parts department is within easy access of service. "Here we designed with expandability in mind," Otto explains. The second-story mezzanine can be extended with grid work and cross beams to double the size of the department. Cost, inventory and stock orders are completely automated.

The body shop has 17 bays. A spray-painting booth and explosion-proof mixing room allow for custom mixing and painting. Otto points out a POD frame-straightening system, built directly into the floor, and state-of-the-art heating and ventilating equipment. Allstate Insurance recently recognized Otto as a recommended shop for its customers.

Adding New Lines

Dealers don't invest big money in their facilities just for aesthetics sake—they do it to please and attract customers—and Walt Otto is no different.

To expand his product line, two years ago he aggressively sought and was awarded an open Cadillac point. "There was a void in the area for the car buyer who believes in luxury and in 'buying American,'" he says. ("There are a lot of people out there who want to show the world they've made it. For them, there is no other name so synonymous with success as Cadillac." Sensitive to yet another gap in the area's market, Otto then added Isuzu trucks to his line.

By that time, quarters at the old dealership became cramped. "Low interest rates and the construction slump made the timing right for our decision to move and build," Otto adds.

"There's an amazing statistic you can't ignore," he continues. "Twenty percent of the dealers sell 80 percent of the cars. We're going to be part of that 20 percent." □

Debra Moses is a writer in Albany, NY.

Facility Planning: Dealer's Checklist

Some guidelines to follow before making your move to a new site

by Roger G. Berry

Before taking the plunge and building a new facility, be sure you've thought of everything. Following are some guidelines to follow when planning your automobile dealership. Not all the criteria can be met in each instance; also many manufacturers can provide you with additional information that could be beneficial.

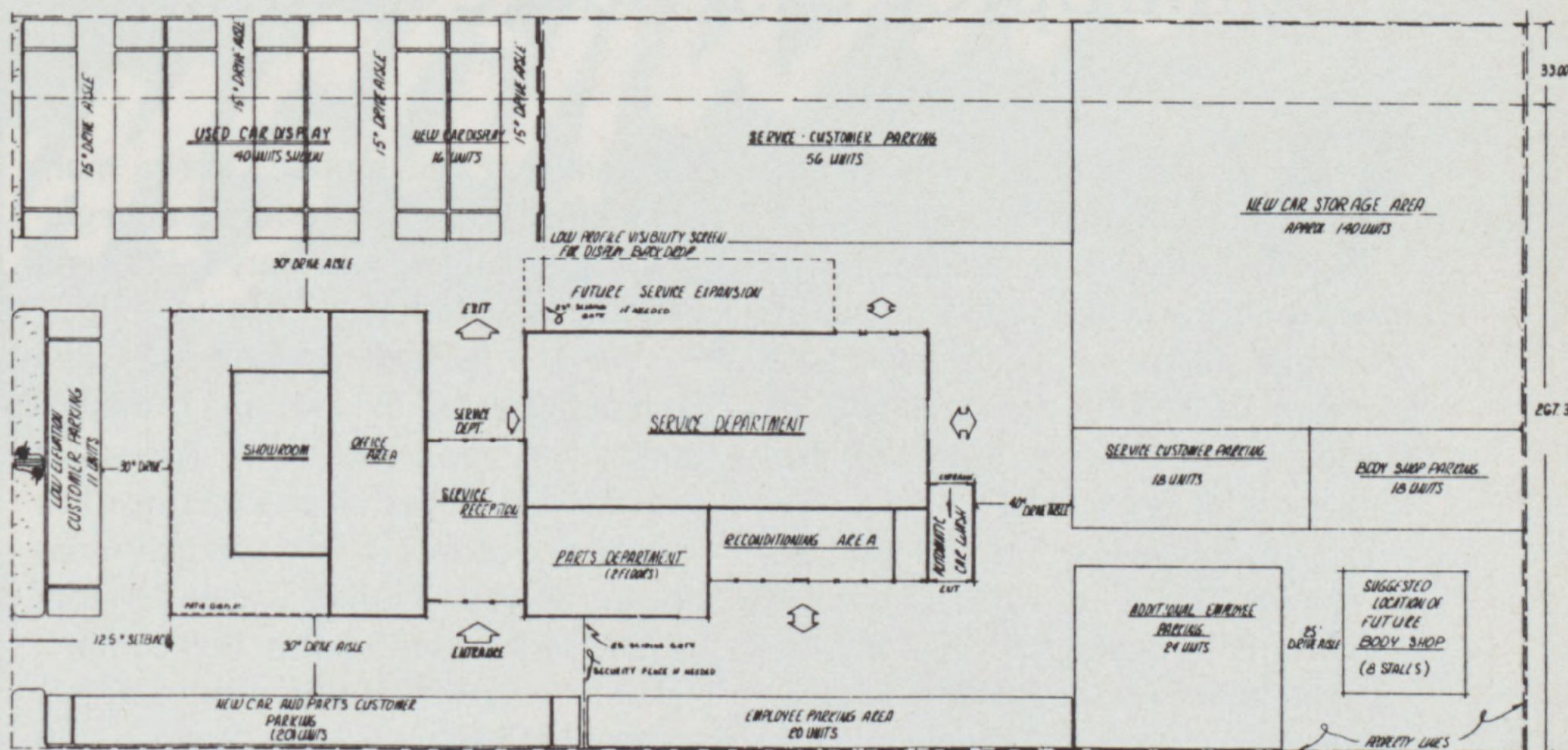
Site Selection

Plot Size

- ☐ 1. Determine minimum amount of property.
- ☐ 2. Purchase more than needed, if possible, for future usage.

Site Dimensions & Topography

- ☐ 1. Rectangular pieces are more desirable than irregular-shaped pieces.
- ☐ 2. Frontage should be approximately 85 percent of the depth.
- ☐ 3. Minimum frontage approximately 200 feet in width or more.
- ☐ 4. Level and at same elevation or higher than adjacent property.
- ☐ 5. Take soil borings to determine if usable for buildings.



Accessibility

- ☐ 1. How many entrances and exits to adjoining highways?
- ☐ 2. Truck access to property?

Future Highway Plans

- ☐ 1. Widening in the future
- ☐ 2. Deceleration lanes
- ☐ 3. Center islands

Availability of Utilities

- ☐ 1. Now and in the future
- ☐ 2. Natural gas
- ☐ 3. Electricity
- ☐ 4. Sewer

Zoning & Code Restrictions

- ☐ 1. Does current zoning allow automobile franchise? Can it be easily changed?
- ☐ 2. Set backs
- ☐ 3. Easements
- ☐ 4. Building height restrictions
- ☐ 5. Signage and lighting restrictions, if any

Building Planning

Function of:

- ☐ 1. Showroom
- ☐ 2. Office area
- ☐ 3. Reception or write-up area
- ☐ 4. Service department
- ☐ 5. Parts department
- ☐ 6. Body shop

Expandability

- ☐ 1. All six areas mentioned should be expandable on an individual basis.

Appearance

- ☐ 1. Should blend well with adjoining architecture
- ☐ 2. Fit into community in general
- ☐ 3. Should look like an automobile dealership
- ☐ 4. Meet any landscape standards

Economical Construction

- ☐ 1. Pre-engineered type building
- ☐ 2. Standard masonry
- ☐ 3. Tilt-up wall type
- ☐ 4. Combination of the above types

Ease of Maintenance

- ☐ 1. Outside materials—maintenance free, if possible
- ☐ 2. Inside materials should be durable, easily cleaned and readily replaceable, if necessary.

Roger G. Berry is president of R.G. Berry and Associates Inc., an automotive facility planning firm. He is the former facilities planning engineer for Pontiac, where he assisted 350 dealers in their plans during 13 years. Berry can be contacted at 6239 Royal Crest Drive, Dallas, TX 75230, (214) 368-8729.

Bankruptcy Discharge Granted

When a debtor seeks the protection of Chapter 7 of the bankruptcy code, the primary objective is to obtain *discharge*, that is, relief from past debts. This relief may be blocked for a number of reasons, including fraud and other illegal activities on the part of the debtor.

In a recent case, a former food franchisee filed for relief under Chapter 7. The former franchisor alleged that discharge should not be granted because of the franchisee's fraudulent misrepresentation of financial information. To bar the franchisee's discharge, the former franchisor must show the court the franchisee acted with intent to deceive, that the financial statement was materially false and that the franchisor relied on false facts (*Burger King Corp. v. Howard Levine*, Adv. Proc. No. 82-0512-BKC-SMW-A, Bank. Ct., So. Dist. Fla., 4/1/83).

Here, the former franchisor was not able to prove the former franchisee intended to deceive it, that the franchisor relied on the statements or the financial information was false. Thus, the former franchisee's discharge is allowed. The franchise itself had been terminated when the franchisee became delinquent in paying for supplies, rent and royalties.

Suit Brought Against GM For Violation of Federal Safety Act

The United States has filed suit in U.S. District Court against General Motors for failing to notify the Secretary of Transportation of defective braking systems in 1.1 million of its cars.

The National Traffic and Motor Vehicle Safety Act of 1966, 15 U.S.C.A Section 1381 *et seq.* gives full responsibility to the manufacturer of motor vehicles to give notification of and to remedy any known safety-related defects. In this case, GM allegedly knew that 1.1 million of its 1980 X-Cars had defective braking systems resulting in rear-wheel lock up. The cars involved are the Chevrolet Citation, Pontiac Phoenix, Buick

Skylark and Oldsmobile Omega manufactured in the 1980 model year beginning approximately January 1, 1979 and ending approximately August 1, 1980.

The U.S. is seeking declaratory and injunctive relief as well as an assessment of monetary civic penalties against GM. GM's motion to dismiss two of the six counts of this complaint has been denied. Further case developments will be reported in this column. (*U.S. v. General Motors Corp.*, 574 F. Supp. 1047.)

Nonrenewal Upheld When Sales and Leasing Were Not Separated

The failure of a dealer to separate his truck leasing and sales operations as requested by his franchisor, Kenworth Truck Co. (a division of Paccar Inc.) resulted in the dealer's nonrenewal. His trial in Rhode Island Superior Court ended in the denial of injunctive relief. The legality of the nonrenewal notice and allegations that there were both coercion and an absence of due cause for the nonrenewal were at issue. On appeal to the Rhode Island Supreme Court, the denial of injunctive relief was affirmed. The findings that the notice of nonrenewal was valid, that there was no coercion and that due cause did exist for the nonrenewal were also upheld (*Dunne Leases Cars & Trucks Inc. v. Kenworth Truck Co.*, Rhode Island Supreme Court, No. 80-493, 10/13/83).

The dealer had argued that the Rhode Island dealer law required the nonrenewal notice to be given no later than 60 days before the expiration date of the franchise agreement. Not finding any support for this assertion, the court held, instead, that the 60-day notice period is intended to give a dealer that length of time before the closing of the dealership whether by termination, cancellation or nonrenewal.

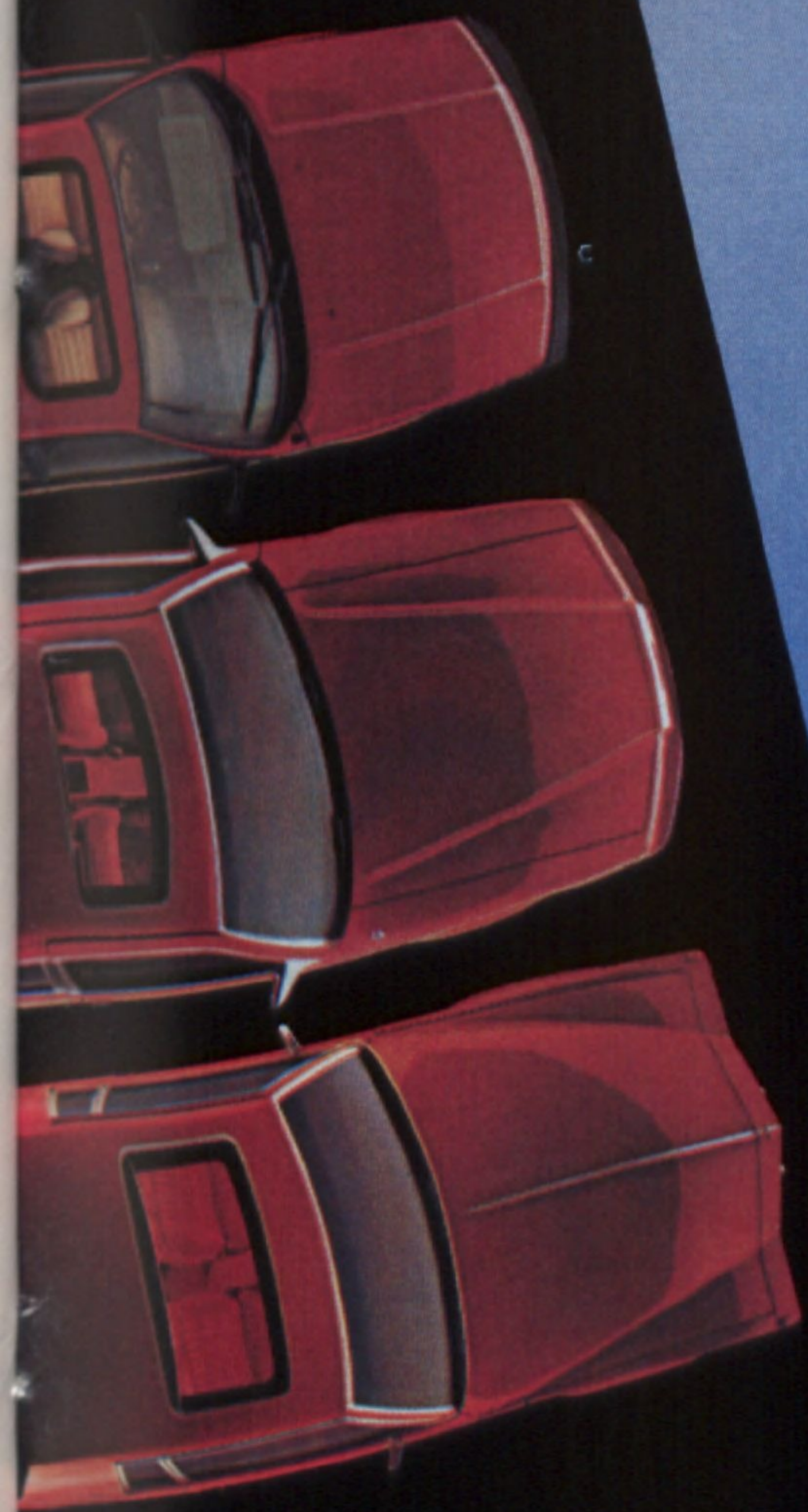
This column is prepared by the Legal Group of the National Automobile Dealers Association. For further information or questions concerning the items appearing in this column, write: Legal Briefs, NADA Legal Group, 8400 Westpark Drive, McLean, VA 22102-3591.

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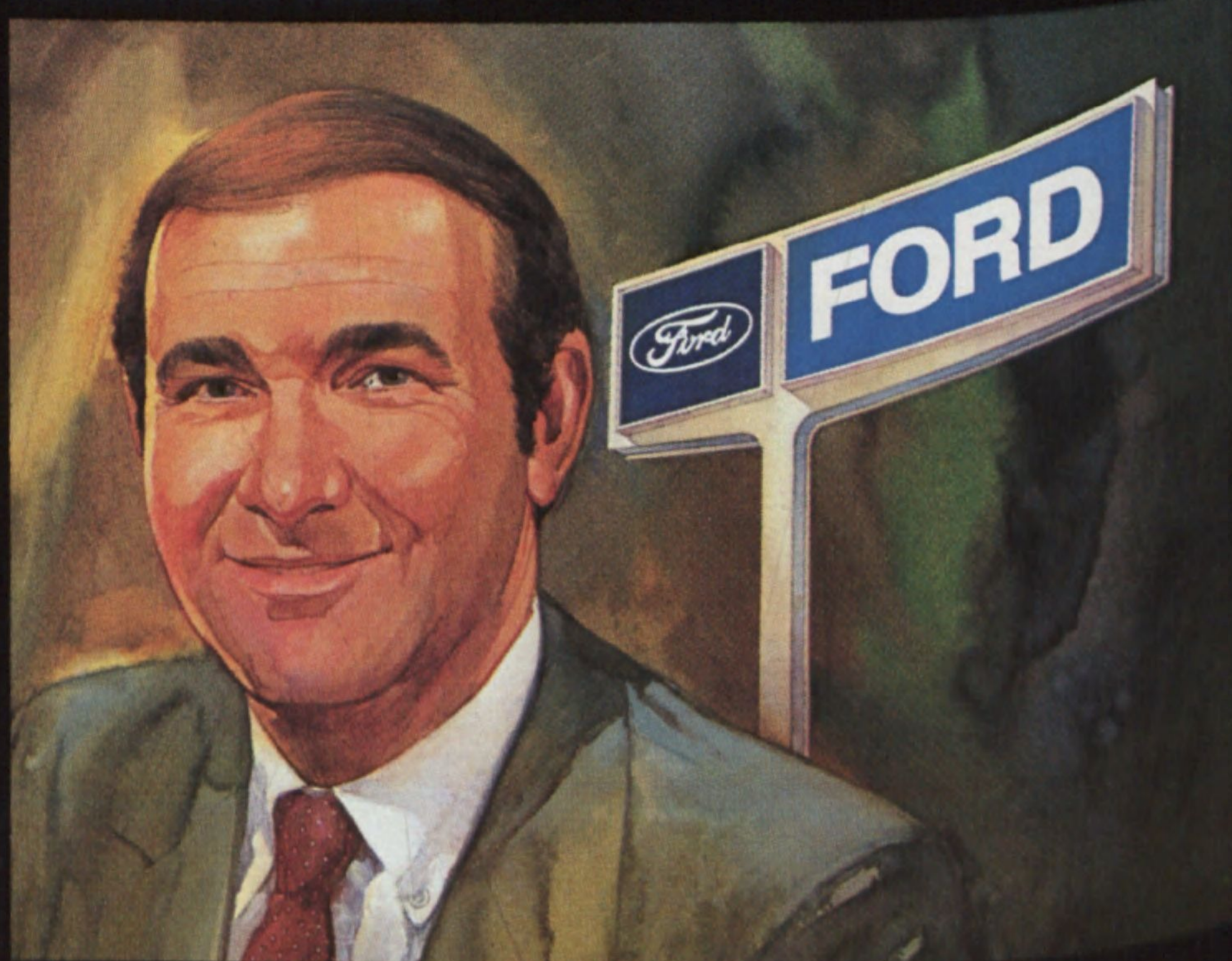
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"As far as I'm concerned, selling ESP just comes naturally."

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"The Ford name really helps, too."

ESP covers more things and is more reliable than the independent programs that I've seen over the years. And with the Ford Motor Company name on it, customers know they're in good hands.

"You know, one of the things I like best about ESP is the quarterly bonus."

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Value for

'ESP is good for us and it's good value for the customer.'

a nice surprise, like Christmas coming four times a year. Another rewarding aspect of ESP is the way we submit claims. In fact, from an administrative and cash flow standpoint, there's nothing better or easier. **National figures show that the average car is about seven years old. People are keeping their cars longer and looking for something like ESP to help them.** It seems people today are more concerned about the long term; what's going to happen to their cars three or four years

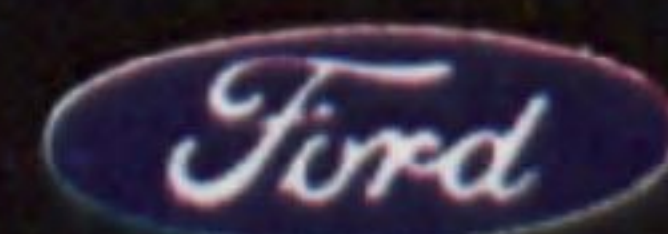
down the road. They're getting into a new car transaction with much higher expectations than they did five or ten years ago. Just the mood of customers today and the belief that they're going to keep a car longer, helps sell ESP.

"ESP fits into the long term. It ties the customer to the Dealer for a longer period of time. The customer feels better about us and better about the owning experience when they

bring their car back three or four years later and we still take care of their repair. It's an excellent source for new sale prospects, too. In fact, we've sold many cars that way. The point is to establish a rapport with the customer that lasts long after the ESP is gone. So when he finally thinks of buying his next car, he'll give us the first shot."



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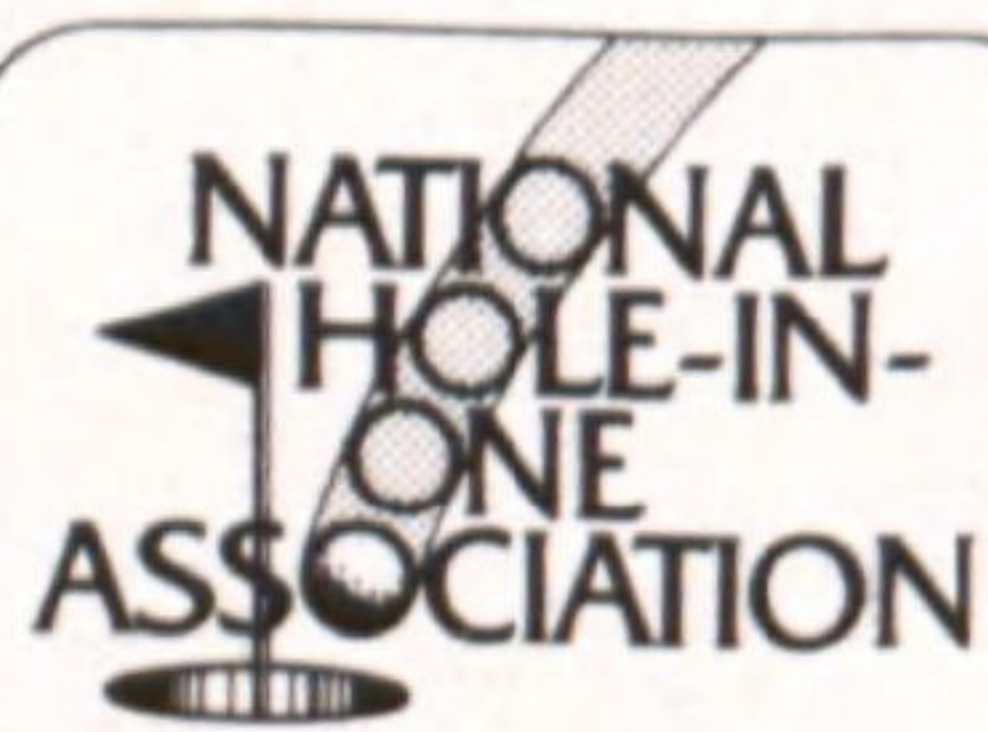
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Truck Focus

TRX-84: Electrifying

The recent ATD convention and exposition in Phoenix was a tremendous success. Attendance was the second highest ever, and there was strong dealer participation in the full agenda. Attendees became informed about, were able to discuss and to give feedback on the issues that affect them.

The business-oriented agenda and the expanded participation of manufacturers and allied industry personnel were key factors in the increased dealer involvement. The ATD convention is growing in prestige; many consider it *the* meeting for those involved in the truck sales industry.

In his opening address, ATD Chairman Art Irwin explained ATD's programs, policies and legislative goals. He gave attendees important background information on why ATD is taking specific actions on truck tax legislation, needed changes in the bankruptcy laws, and legislation to address the fleet-subsidy problem. During his address, Rep. Gene Taylor (R-MO) expanded on why a legislative solution is needed to solve the fleet-subsidy problem. NADA President Jim Jennings informed dealers about NADA action to oppose impending charges in the distribution of Porsche automobiles—changes that might have had implications for truck dealers.

Dealers also became better informed as a result of the expanded manufacturer and allied industry participation. The equipment exposition was the largest ever, and manufacturer-representative participation in the make meetings was at an all-time high. Manufacturers were also an important part of the speaker program. Jim McDonald of General Motors and Kenneth Smith of Ford Truck spoke at general sessions, and Benjamin Mercer of International Harvester was a panelist at the "Future of the Truck Dealer" seminar. The increased participation meant that more manufacturers were exposed to dealer viewpoints, and dealers used the opportunity to express their concerns directly.

The convention also gave ATD members a chance to discuss and make suggestions on ATD programs and policies. Comments made by dealers at the various meetings and through informal conversations were reported to the full ATD committee when it met on the last day of the convention. This dealer feedback was used in developing and refining ATD policies and programs.

It is the objective of the ATD committee and staff to ensure that dealers obtain maximum value from their attendance at the convention. And our staff is already working to develop an even better agenda for next year's convention in Washington, DC, April 13 to 16. We look forward to your attendance at the most important meeting of the year for truck dealers. □

This column is prepared exclusively for **Automotive Executive** by David Paxson, director of NADA's American Truck Dealers Division. All comments or questions pertaining to this column should be mailed to: **Truck Focus, Automotive Executive, 8400 Westpark Drive, McLean, VA 22102-3593.**

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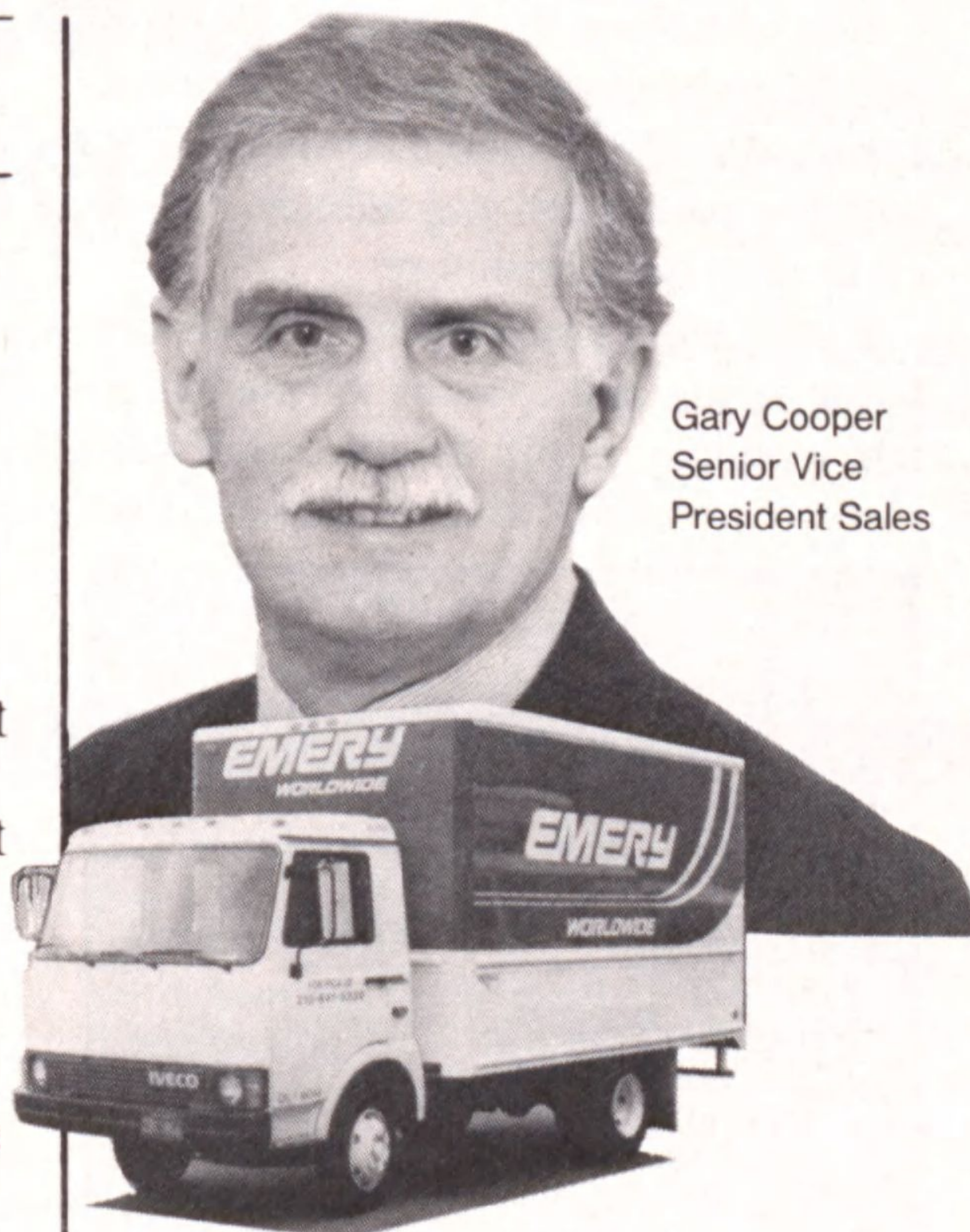
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"Domestic manufacturers simply haven't provided product entries with the GVW load-carrying capacities these customers require. So, in the past, buyers had to settle for overworked, overloaded light-duty trucks...or for under-utilized Class 6 medium-duty trucks.



Gary Cooper
Senior Vice
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"There's so much more to offer your customers with IVECO. A completely rebuildable diesel engine, lower maintenance costs, a real truck chassis and plenty of driver comfort and convenience."

"European Class profits and first class dealer support."

"Dealer margins on IVECO European Class Diesel Trucks are among the best in the business. And so are our support programs. We offer special sales incentive plans, co-op advertising allowances, Yellow Pages co-op, sales and service training... and much more. Our support programs are designed to help you get the sale in the first place and to make a profit in every department."

"In addition, IVECO prides itself in providing the best after-sales product support in the truck industry. Product Support Managers provide in-dealership training, counsel and assistance to your parts and service personnel. Our 800 WATS lines provide full business day information and service assistance, and take emergency parts orders which are filled within 24 hours."

"IVECO has made a substantial investment in the quality of its product support service to match the outstanding quality of its products."

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The Service Department

Repair Order Analysis

The repair order is the foundation of your entire service department. Everything that goes on in the department begins and ends with an RO. Since it is such an important part of your operation, great care should be taken to assure that you are getting the most out of your repair order system.

To maximize the potential of a repair order, you must analyze it carefully. The RO is a significant tool for measuring performance of service writers and technicians. New-car prep department, ratio of parts required to parts in stock, interdepartmental relations, shop comebacks, security and numerous accounting functions all can be scrutinized by an analysis.

I made up an analysis sheet with columns reflecting areas I wanted to analyze. The columns included ROs of varying mileage readings and car model years, comebacks, number of parts sold and number of hours sold.

Every two months I take 200 ROs and check them for all the categories. When I find ROs with fewer than 1,000 miles, I put a mark under the corresponding column. When I find an RO with only one line (repair) on it, I put a mark under the corresponding column, and so on for all 200 ROs. After all have been reviewed, I add up all the different categories and compare them to the 200 as a percentage. These figures can reveal many deficiencies.

Now what do all these results mean? Specifics depend on your individual dealership. You may have obvious reasons why certain categories are high or low, but usually the results are quite revealing. High ROs under 1,000 miles may mean poor new-car prep department performance or incorrect information being given to customers as to when to come in for service.

A high number of warranty-only ROs at just before 12,000 miles means customers are coming in for their last chance at the warranty and your writers are not selling needed 12,000-mile maintenance.

ROs with fewer than the industry average labor hours (the goal is 2.2 hours per repair order) reflect poor sales. ROs with low parts sales may reflect a poorly controlled parts inventory.

If you detect a trend of late model cars being your main source of customer labor, then it could be that your warranty repairs are of poor quality and cus-

tomers are not returning after their warranty is up. If you suspect repair order problems. If you suspect problems, set up an analysis with specific columns and conduct a survey. The best results are achieved if you take 200 ROs for each service writer. This will allow you to pinpoint each individual's problem areas and help upgrade their performance levels.

Financial statistics are the basis for any future improvements. Statistics derived from the ROs can be used in many ways to set standards of performance for writers and technicians. The graphic display can be seen and understood by everyone.

Poor sales trends should be reviewed with the appropriate service writer, as should results of subsequent analyses.

If an RO survey reveals a "comeback" trend with a particular technician, there may be several causes. The technician may be sloppy or in need of training, is being dispatched work for which he is unskilled, or he may be having problems outside of work. Perhaps the comebacks are even the fault of the service writers who initially wrote customer complaints incorrectly.

Comparing the labor costs on the front of the RO with how much flat rate time has been paid on the back of the RO can reveal efficiency factors, dishonesty and lack of knowledge on the part of the technician and/or writer. The flat rate time marked on the back of the RO should never exceed the labor charged on the front.

There is a wealth of information to be had from RO analysis, and the more you study your ROs, the more you will derive from them. It is important to set up a system of periodic checks. Always date the analysis sheets and file them for future comparison. After several studies, you will be able to determine if any corrective actions you have instituted are having the desired effect. □

Repair Order Analysis

Date: _____
Service Writer: _____
ROs from: _____ to: _____

A. Repair Order Count by Model Year

- | | |
|----------------------------|-------|
| 1. current model | _____ |
| 2. one year old | _____ |
| 3. two years old | _____ |
| 4. three years old | _____ |
| 5. four years old | _____ |
| 6. five years old or older | _____ |
| TOTAL ROs | _____ |

B. Repair Orders by Odometer Reading

- | | |
|---------------------------|-------|
| 1. 0 to 1,000 miles | _____ |
| 2. 1,000 to 6,000 miles | _____ |
| 3. 6,000 to 12,000 miles | _____ |
| 4. 12,000 to 24,000 miles | _____ |
| 5. 24,000 to 30,000 miles | _____ |
| 6. Over 30,000 miles | _____ |
| TOTAL ROs | _____ |

C. Repair Order Labor Hours

- | | |
|------------------------|-------|
| 1. less than one hour | _____ |
| 2. one to two hours | _____ |
| 3. two to three hours | _____ |
| 4. three to four hours | _____ |
| 5. four to five hours | _____ |
| TOTAL ROs | _____ |

D. Parts Lines per Repair Order

- | | |
|-----------------------------|-------|
| 1. no parts lines | _____ |
| 2. one parts line | _____ |
| 3. two parts lines | _____ |
| 4. three parts lines | _____ |
| 5. four parts lines | _____ |
| 6. five or more parts lines | _____ |
| TOTAL ROs | _____ |

E. Void Repair Orders

tomers are not returning after their warranty is up.

A high percentage of void ROs may indicate foul play. Always require void ROs to be turned in to the office with all copies intact and an explanation and signature.

The sample analysis sheet may be changed to reflect other categories of

This column is prepared for **Automotive Executive** by Ron Joffe, Service Director, Straub Motors Inc. All questions or comments pertaining to this column should be mailed to: **The Service Department, Automotive Executive, 8400 Westpark Drive, McLean, VA 22102-3593.**

Free Information

AUTOMOTIVE EXECUTIVE

Reader Service

When you want more information about products and services advertised or featured in this issue, just circle the numbers which correspond to the information you would like to receive on one of the adjoining cards.

The advertisers and their corresponding numbers are listed below. Circle numbers appear at the bottom of each advertisement and "Showcase" item.

Then drop the card in the mail (we'll pay the postage). Two cards are provided for your convenience—one for you and one for your managers. Please pass one along.

PRODUCTS & SERVICES

Circle No.	Advertiser	Page No.	Circle No.	Advertiser	Page No.
1	AC Spark Plug	Cover 3	14	National Auto Auction Association	17
2	American Sunroof Corp.	52-53	15	National Hole-In-One Association	56
3	American Warranty	26-27	16	New Profit Systems	47
4	Atlanta Auto Auction	63	17	Nixdorf Computers	8
5	Automotive Sales Training Placement Service	56	18	Oakleaf	Cover 4
	Benwil Industries	9	19	PADE	63
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6	Carriage Van Conversions	47		Saginaw Steering	1
7	Clarion Corp. of America	25	21	Snap-On Tools	62
8	Endura	16	22	Southern Auto Auction	63
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10	General Warranty	7	24	Tra-Tech	31
11	GMAC	4	25	Tricom Systems Corp.	2
12	GM-Continuous Protection Plan	34-35	26	Universal Underwriters	Cover 2
13	Heritage Insurance Group	67	27	Wheelways	13
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SHOWCASE—NEW PRODUCT SECTION

Circle No.	Company	Page No.	Circle No.	Company	Page No.
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82	Krex Inc.	64	87	Auto Form Corp.	65
83	Kamei USA Inc.	64	88	Proto Systems Inc.	65
84	Sun Electric Corp.	64	89	Sky-Top Sunroofs Ltd.	65
85	Elk Enterprises Inc.	64	90	Insul-Top Inc.	65
			91	American Sunroof Co.	65



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Snap-on

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Other Voices

Domestic Content

Your April issue concerning the domestic content bill illustrates how a distinguished organization such as NADA can effectively organize various voices and lead opinion.

We have been observing domestic content programs introduced by many countries. I would say the programs in general have never been successful in gaining a broad public acceptance when the programs have not reflected the true interest of consumers. Today the world is becoming more and more dependent on international trade and the auto industry is no exception.

Probably no auto manufacturer will be capable of producing a new automobile model without incorporating technology from around the world or without directly or indirectly sourcing some of the materials, parts and components outside the country of origin.

Internationalization of auto manufacturing has already begun and this trend will expand further in order to produce more competitive vehicles, as long as freedom of choice, based on economical parameters, remains our driving force for the industry's future success.

The domestic content bill will jeopardize not only the interests of manufacturers and dealers, but ultimately those of consumers by distorting internationalization of the auto industry.

Yukio Itagaki

**American Isuzu Motors Inc.
Whittier, CA**

I'm a free trader, both from the purely pragmatic business point of view and as a matter of personal philosophy.

I fully agree with NADA that domestic-content legislation is wrong. It would hurt the entire economy—including the very same UAW members who are supporting the bill.

In fact, the UAW stands to lose more than anybody else: If domestic-content or any other protectionist measures are passed, the reduced competition will allow domestic automakers to raise prices. That will mean consumers will

not be buying—and the UAW will have fewer cars to build.

The American auto industry has come a long way toward becoming competitive in the world market. Only if the competition remains strong will Detroit continue to spend money and develop the talent needed to build cars the public will want in the future at a price they can afford to pay. That's the only way to guarantee long-term employment stability for the UAW and prosperity for all Americans.

Economics aside, I'm a free trader simply because, as an American, I believe in freedom—that means freedom to choose anything I want. For example, I happen to prefer California wine over

French wine. But if I liked French wine best, I wouldn't want the government telling me that I have to mix 10 percent Napa Valley Chardonnay into my bottle of Pouilly-Fuissé.

Robert J. Sinclair

**Saab-Scania of America Inc.
Orange, CT**

My compliments on the outstanding feature on domestic content legislation in your April issue. I would also like to extend our compliments and appreciation for NADA's work to defeat S. 707.

Hal Bracken

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Editor's Note: As of the September issue, *Automotive Executive* will no longer run "Auction Classified."

Showcase: What's New On The Market

A new **clear sealant spray**, formulated to protect against corrosion at exterior seams of cars and trucks, has been introduced by Ziebart Corp. The product is designed to prevent outer body rust on seams located on doors, hoods, deck lids, moldings, exterior mirrors and trim. It is packaged in 20-ounce aerosol cans, complete with a special extension nozzle for application of the sealant in hard-to-reach areas. According to Ziebart, the sealant dries to a tack-free film that resists dirt pick-up and wash off in addition to providing long-term corrosion protection. Manufacturer: Ziebart Corp., Troy, MI. ■

(For more information circle #81)



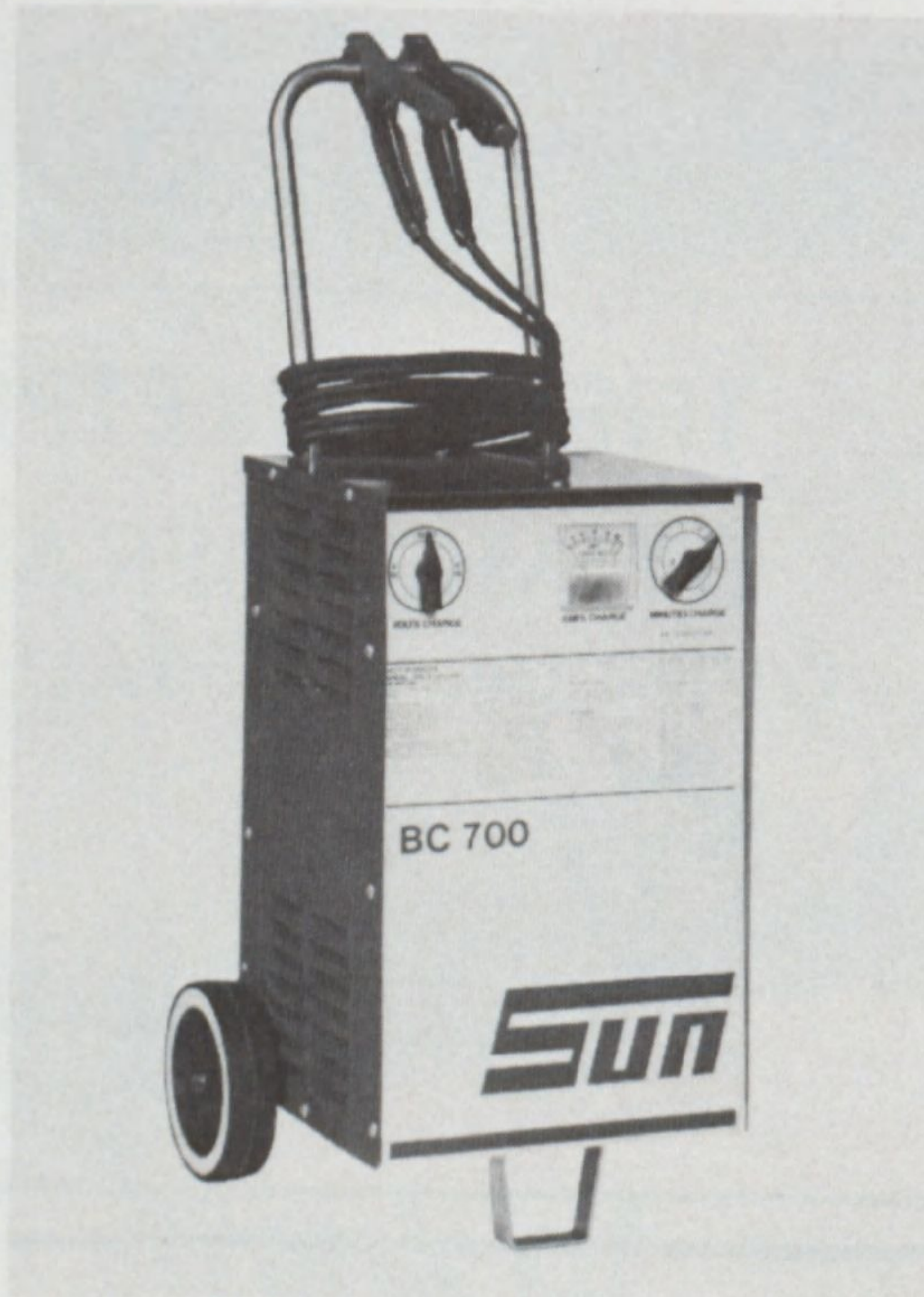
Biobor Diesel Doctor from Krex is now available to auto dealers in a profit-increasing six-pack. Diesel Doctor acts as a germicidal agent, killing existing microorganisms and sterilizing the entire fuel system. It helps eliminate engine failure due to fungus-clogged filters, fuel lines and injector nozzles, resulting in more efficient vehicle operation. Manufacturer: Krex Inc., Highland Park, IL. ■

(For more information circle #82)



Kamei is introducing its new **X1 Ford Mustang system**, which consists of a front spoiler, side skirts, a rear skirt, rear spoiler and front fender windsplits, specially designed to fit the 1983 and 1984 Mustang models. The components can be painted to match or contrast body colors and come with complete mounting instructions and hardware. Manufacturer: Kamei USA Inc., North Haven, CT. ■

(For more information circle #83)



A new **battery charger** with a compact, redesigned housing is being introduced by Sun Electric Corp. According to Sun, the charger's construction permits easy handling and roll-around convenience in a competitively priced unit. The charger is designed for slow, fast and continuous charging of six and 12-volt maintenance-free and conventional batteries. It has a four-position volts charge control and an automatic timer allowing for up to 80 minutes of charging time. Manufacturer: Sun Electric Corp., Crystal Lake, IL. ■

(For more information circle #84)

Elk Enterprises is introducing its newest **conversion** of Chrysler Corp.'s Dodge Caravan. According to the company, the conversion maximizes passenger comfort without filling the vehicle with seldom-used "frills" or gadgets. A low, flat floor, made possible through the unit's front-wheel-drive design, offers a more spacious interior arrangement than previously thought possible in any down-size vehicle. With a capacity of six adults, the minivan has many of the features used in its full-sized counterpart, including flexsteel seating, plush carpet and padding, aircraft lights, beverage tray and large window areas featuring slider screens. A full list of options is available. Manufacturer: Elk Enterprises Inc., Elkhart, IN. ■

(For more information circle #85)

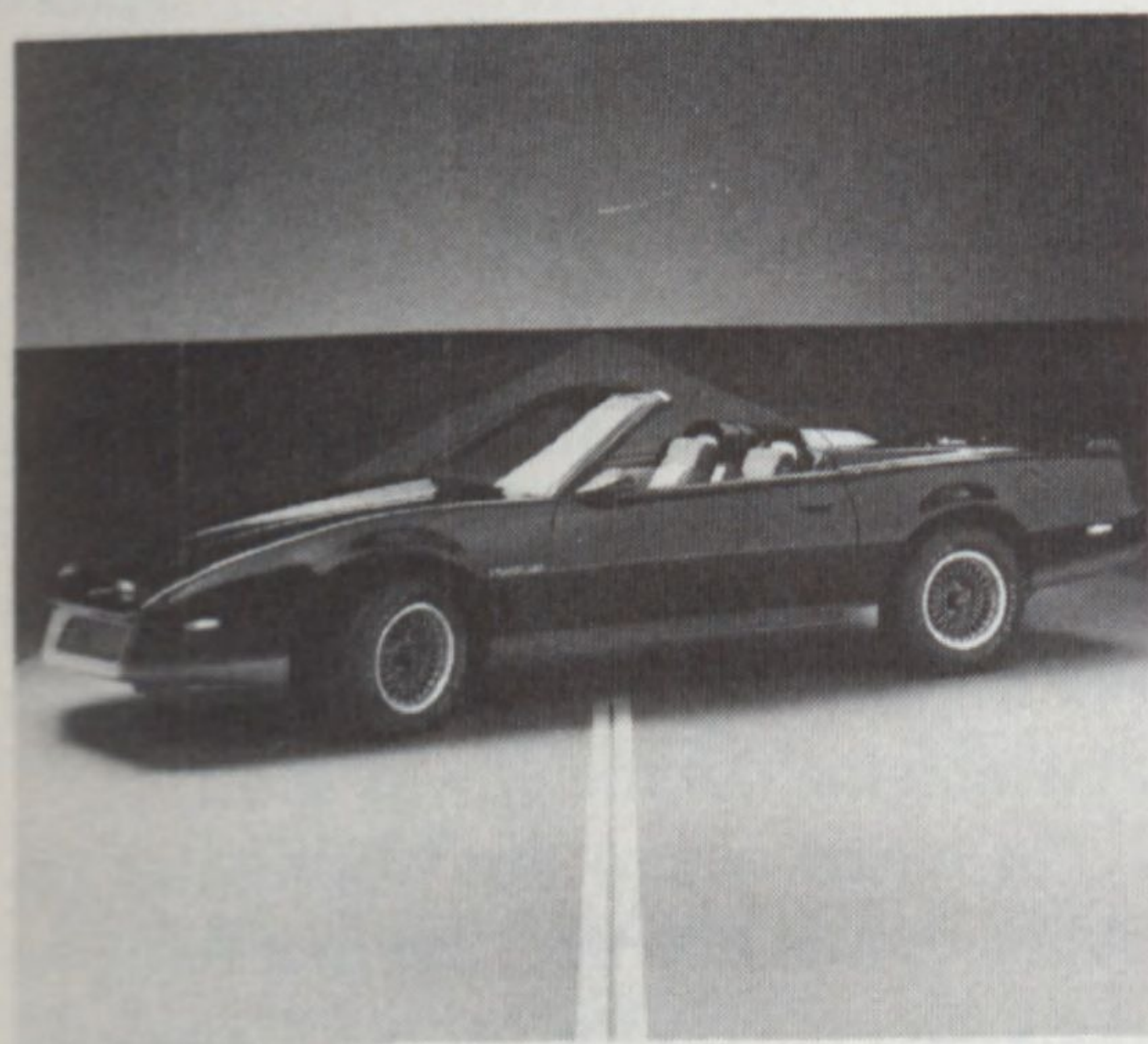


New from Ammco Tools is its Model 740 **tire changer** that can handle all domestic and import wheels, even if they have very small or no center holes. Ammco says that since this unit can handle all standard, as well as specialty tires and wheels, it offers the dealer the flexibility needed to meet all tire changing requirements. The unit has special "kid glove" chuck jaws that replace the standard center post/locking cone method of securing the tire for mounting/demounting. The chuck jaws lessen the possibility of damage to mags, wires, chromes, aluminum and other specialty wheels during the changing operation. Manufacturer: Ammco Tools Inc., North Chicago, IL. □

(For more information circle #86)

Information and photographs of products listed in "Showcase" have been provided via manufacturers' press releases. A product's appearance in this column in no way implies endorsement by either NADA, the NADA Services Corp. or Automotive Executive.

Special Showcase: Sunroofs & Moonroofs



Auto Form Corp. has engineered a 2-seater **hardtop convertible** for the Chevrolet Camaro and Pontiac Firebird, which it says is superior to the more common soft-top conversions. The convertible features a retractable hardtop with a finished headliner for greater soundproofing and temperature control. According to the company, the top allows a consistent fit for the windows and header panel. Manufacturer: Auto Form Corp., Bremen, IN. ■

(For more information circle #87)



A comprehensive group of **T-roof anti-theft locks** is being introduced by Proto Systems Inc. The locks are of all-steel construction and are available in eight different models with 16 part numbers to provide complete coverage for all the factory-equipped GM, Ford, Nissan and Lincoln-Mercury tops, as well as aftermarket models. Finishes include black, chrome or white. Each pair of locks is keyed to the two keys supplied in each package. According to the manufacturer, the locks are easily installed. Easy-to-follow instructions and two warning decals are included with each lock. Manufacturer: Proto Systems Inc., Pembroke, MA. ■

(For more information circle #88)

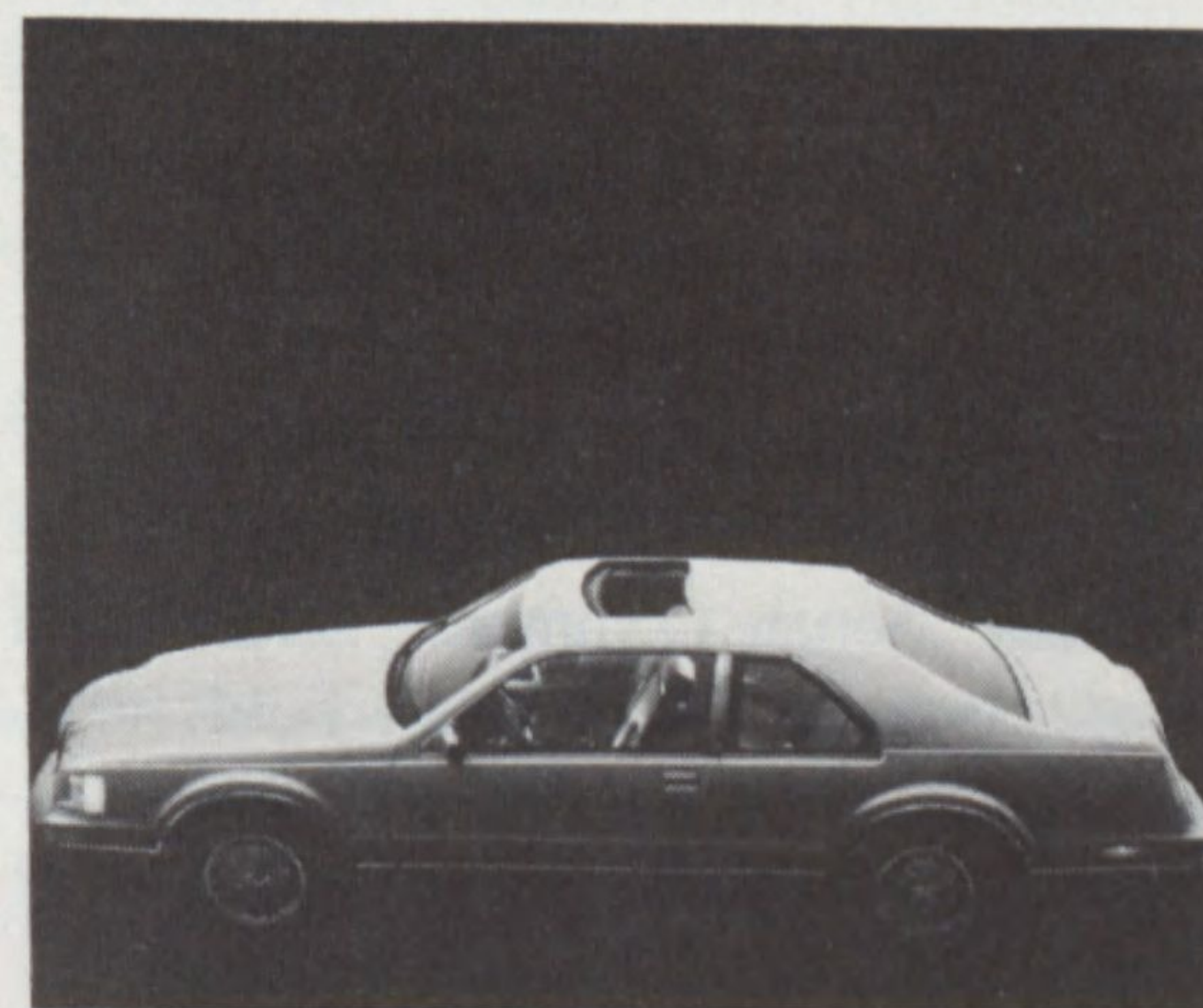
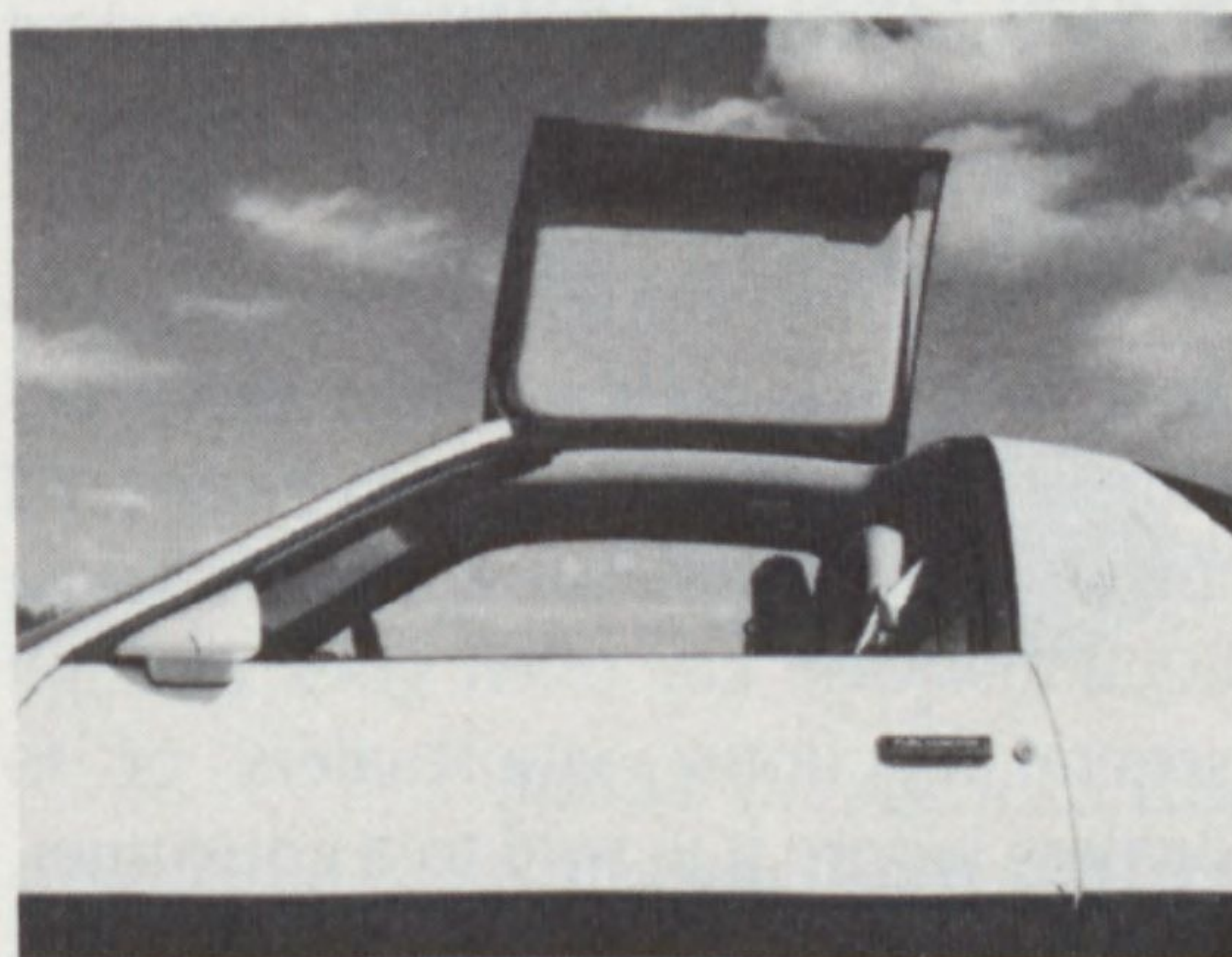
New from Sky-Top Sunroofs is a **power moonroof** to fit the new 1984 Chevrolet S-10 Blazer. This electronically operated, glass panel, sliding sunroof features a wide opening with an unobstructed view and the least headroom loss of any power moonroof on the market. Other features include an automatic wind deflector, stainless steel glass frame and matching trim ring, a privacy sunshade and luxurious interior finish. The mirror-coated glass panel is offered in two colors, silver or bronze, and optional charcoal finish is available on the glass frame, trim ring and wind deflector. Manufacturer: Sky-Top Sunroofs Ltd., St. Louis, MO. ■

(For more information circle #89)



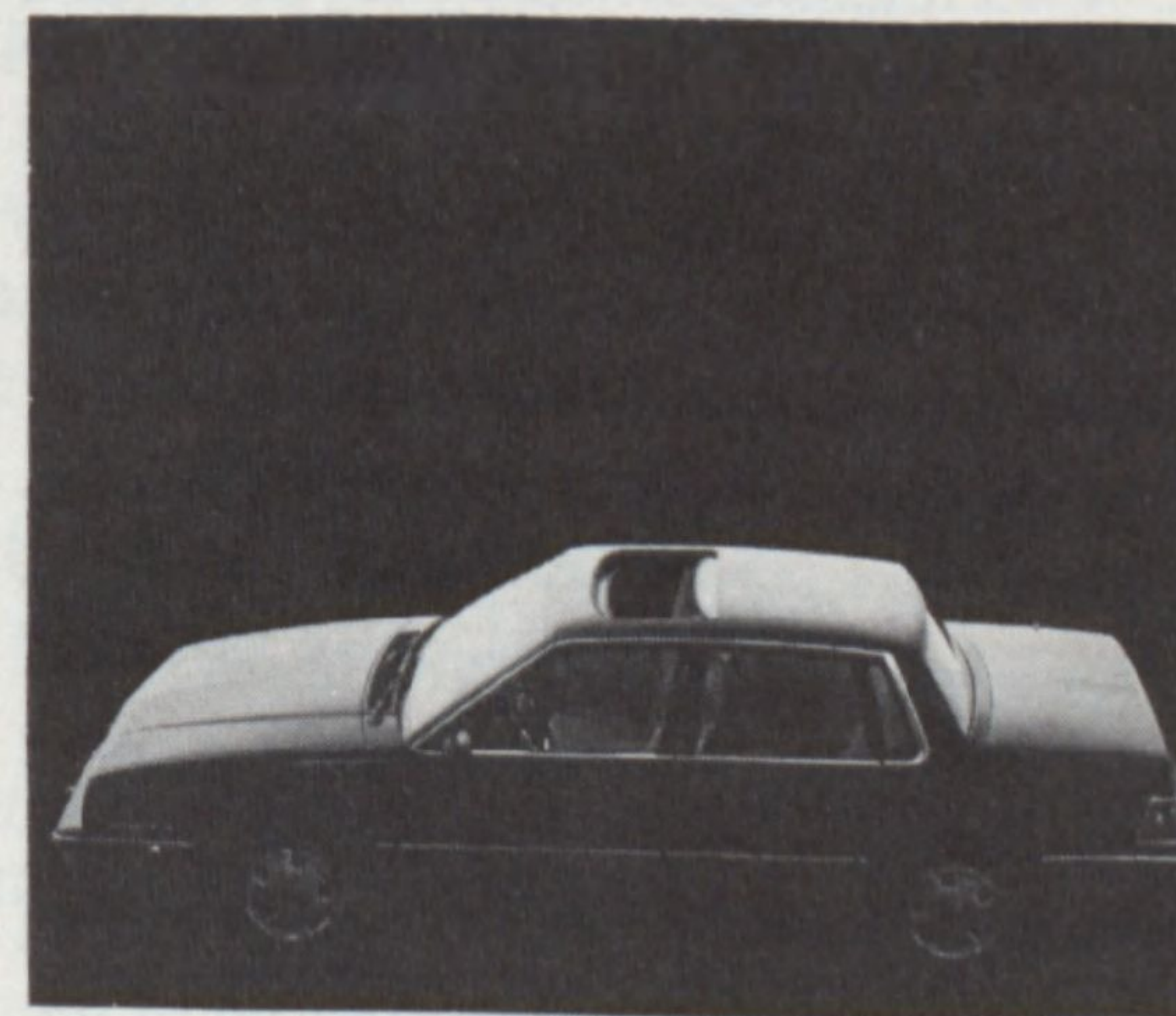
Insul-Top Inc.'s **thermal shield panels** slip inside factory-installed glass T-tops and sun roofs to block the sun's heat and ultra-violet rays. The company says its product protects against interior color fading, fabric rotting and plastic/vinyl cracking. Each panel is made of sturdy, flexible, lightweight, multi-layered insulating materials. Availability will soon be expanded to include 1979-81 models and most foreign makes. Manufacturer: Insul-Top Inc., Scottsdale, AZ. ■

(For more information circle #90)



ASC is introducing two new **sunroofs**. The first (above), is a new electric after-market sunroof for the redesigned 1984 Continental Mark VII. The sunroof's aerodynamic, contemporary styling complements the luxury of this premium touring coupe while adding the "Sunsational" feeling of open-air driving. The company's second new sunroof (below), has been designed specifically for General Motors A-body automobiles: the two- and four-door Buick Century, Oldsmobile Cutlass Ciera, Pontiac 6000, and Chevrolet Celebrity. The sunroof provides a sleek, integrated appearance, contemporary styling and factory-original quality. Both sunroofs feature a sliding sunshade for privacy and as a thermal/light barrier, an integral wind deflector to channel airflow smoothly and quietly over the sunroof opening, solar-tempered tinted glass, and dual-drive design for reliable operation. Manufacturer: American Sunroof Co., Southgate, MI. □

(For more information circle #91)



August's Special Showcase features auto accessories. Please send a press release and black-and-white glossy photograph of your product for consideration to **Joan Rubin, assistant editor, Automotive Executive, 8400 Westpark Drive, McLean, VA 22102-3593**. Materials must be received by June 25.

Hearings Held on Odometer Tampering

On April 12, the Surface Transportation Subcommittee of the Senate Commerce, Science and Transportation Committee held hearings on S. 1407, the odometer tampering bill. The hearings were scheduled in response to a letter signed by all the subcommittee members to Chairman John C. Danforth (R-MO) requesting action on the bill.

C.C. Gunn, chairman of NADA's Governmental Relations Committee, testified on behalf of NADA in strong support of the bill. In addition, Pat Fagan testified on behalf of the Wisconsin Automobile and Truck Dealers Association, and John L. Sullivan and Michael O'Daniel testified on behalf of the Nebraska New Car and Truck Dealers Association.

The bill is designed to create a record from which odometer tampering can be traced and the violators prosecuted. The bill mandates the following:

- Following the sale of a motor vehicle from one person to another person such vehicle may not be registered or licensed for use in any state unless (a) the seller discloses the true odometer reading as of the date of sale; and (b) the application by the new owner of the vehicle for a certificate of title is accompanied by the prior owner's most recent vehicle registration card.

- No registration card may be issued in a state unless the application for registration includes an odometer reading.

- The state must take this odometer reading and include it as part of the new registration card.

- The certificate of title issued by the state to the new owner must indicate the odometer reading as of the day of transfer (printed on the title) and be printed in bank note intaglio printing process.

Gunn cited numerous examples and methods of odometer tampering in the marketplace. He discussed the excessive cost to consumers perpetrated by this fraud, the simplicity of rolling back an odometer, title laundering, the low risk of getting caught, the role of the auctions and the wholesalers, and the

effect all of this has on the dealer and the consumer.

Portions of NADA's oral testimony, a summary of the written testimony submitted for the Record, follow.

"Odometer rollback is one of the most costly frauds being perpetrated on the American consumer today. It is costing many consumers hundreds of dollars per purchase. The National Highway Traffic Safety Administration estimates the cost to consumers to be in excess of \$2 billion annually. This amounts to an average cost to consumers of approximately \$750 per car in cases where the odometer has been rolled back. Because of the difficulty in identifying odometers which have been rolled back and the number of cars which are affected, the total cost to consumers may be even greater.

"It has been estimated that over three million used cars sold annually have had their odometers rolled back. The average rollback, per car, is 30,000 miles....Inasmuch as odometer rollback is so very lucrative, and the risk of getting caught is so remote, it is not surprising that the practice is extremely widespread and growing each year.

"The practice is also extremely difficult to detect. Current law requires written disclosure of the odometer reading to be provided to the transferee at the time of transfer of ownership of a vehicle. Federal law does not, however, dictate the form in which disclosure must be made. It is our understanding that in a majority of the cases odometer disclosure is made on a separate piece of paper and handed to the buyer. In such cases the buyer can simply destroy the disclosure paper, roll the odometer and prepare a new disclosure for the next buyer.

"As we understand the matter, one area in which rollback frequently occurs involves cars which have been sold through such mass sales techniques as auctions. One car often goes through several auctions, wholesalers or to dealers before it is sold to a consumer. The cars often travel across state lines

and somewhere along the way, the odometer is rolled back. Because of the route the car has taken, it is difficult, if not impossible, to determine the point at which the odometer was spun.

"In cases where the wholesaler engages in this practice, the first thing he does after buying the car is roll back the odometer. The second step is to acquire supporting paperwork. As we mentioned, in most cases, the odometer disclosure is made on a separate sheet of paper accompanying the title. In such instances, the wholesaler merely alters the odometer reading or provides an entirely new disclosure. In cases where the title incorporates the odometer reading, a different technique becomes necessary to assure that the disclosure matches the rolled-back odometer. The wholesaler can attempt to alter the existing title or launder it completely.

"A common laundering technique is to title the car in a state which does not require an odometer reading of the title....By the time the car reaches a used-car dealer, the odometer has been spun, and the odometer disclosure will correspond to the reading on the rolled-back odometer. The dealer sells the car to a consumer in good faith, but the consumer, in reality, ends up paying an excessive amount for the car because it has been driven many more miles than are indicated on the odometer.

"Mr. Chairman, in our written statement we have summarized the provisions of S. 1407, and have made a suggestion that a slight alteration be made on the title certificate. A number of states have already incorporated many of these requirements into their state law, but in order for these requirements to be effective, we must have uniformity throughout the nation. S. 1407 would accomplish this objective." □

This column is prepared for Automotive Executive by the Legislative Division of the National Automobile Dealers Association. All comments or questions pertaining to this column should be mailed to: On The Hill, Automotive Executive, 8400 Westpark Drive, McLean, VA 22102-3591.

Calendar

June

1 to 7. Arkansas Automobile Dealers Association Convention, Excelsior Hotel/Hyatt Lake Tahoe, Little Rock, AR/Lake Tahoe, NV

3 to 4. Vermont Automotive Trade Association Convention, Stratton Mountain Inn, Stratton Mountain, VT

6 to 10. Kentucky Automobile Dealers Association Convention, Opryland Hotel, Nashville, TN

8 to 10. Wyoming Automobile Dealers Association Convention, Jackson Lake Lodge, Moran, WY

12 to 19. Arizona Automobile Dealers Association Convention, Kona Surf Hotel, Kona, HI

14 to 16. Idaho Automobile Dealers Association Convention, Sun Valley Resort, Sun Valley, ID

17 to 19. Delaware Automobile Dealers Association Convention, Sheraton-Fontainebleau Hotel, Ocean City, MD

22 to 24. Maine Automobile Dealers Association Convention, Sebasco Lodge, Sebasco Estates, ME

24 to 27. Oregon Automobile Dealers Association Convention, Sunriver Resort, Sunriver, OR

24 to 28. Automotive Service Councils Annual Convention, Shoreham Hotel, Washington, DC

27 to 30. Virginia Automobile Dealers Association Convention, Opryland Hotel, Nashville, TN ■

July

8 to 11. Automotive Trade Association Managers Summer Meeting, The Westin Hotel, Vail, CO

18 to 22. Louisiana Automobile Dealers Association Convention, Buena Vista Palace, Lake Buena Vista, FL ■

August

5 to 8. Michigan Automobile Dealers Association Convention, Grand Hotel, Mackinac Island, MI ■

September

13 to 17. National Tire Dealers and Retreaders Association Convention and Trade Show, Anaheim Convention Center, Anaheim, CA

30 to October 4. American Trucking Associations Convention, Hilton Hotel, Las Vegas, NV ■

October

14 to 19. New Jersey Automobile Dealers Association Convention, Britannia Beach Hotel, Nassau, Bahamas

16 to 19. APAA/SEMA/AI Show, Las Vegas Convention Center, Las Vegas, NV

17 to 25. Oklahoma Automobile Dealers Association Convention, Sheraton Stockholm Hotel, Stockholm, Sweden

28 to November 1. New York State Automobile Dealers Association Convention, Hamilton Princess Hotel, Bermuda □



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(For more information circle #13)

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(For more information circle #20)

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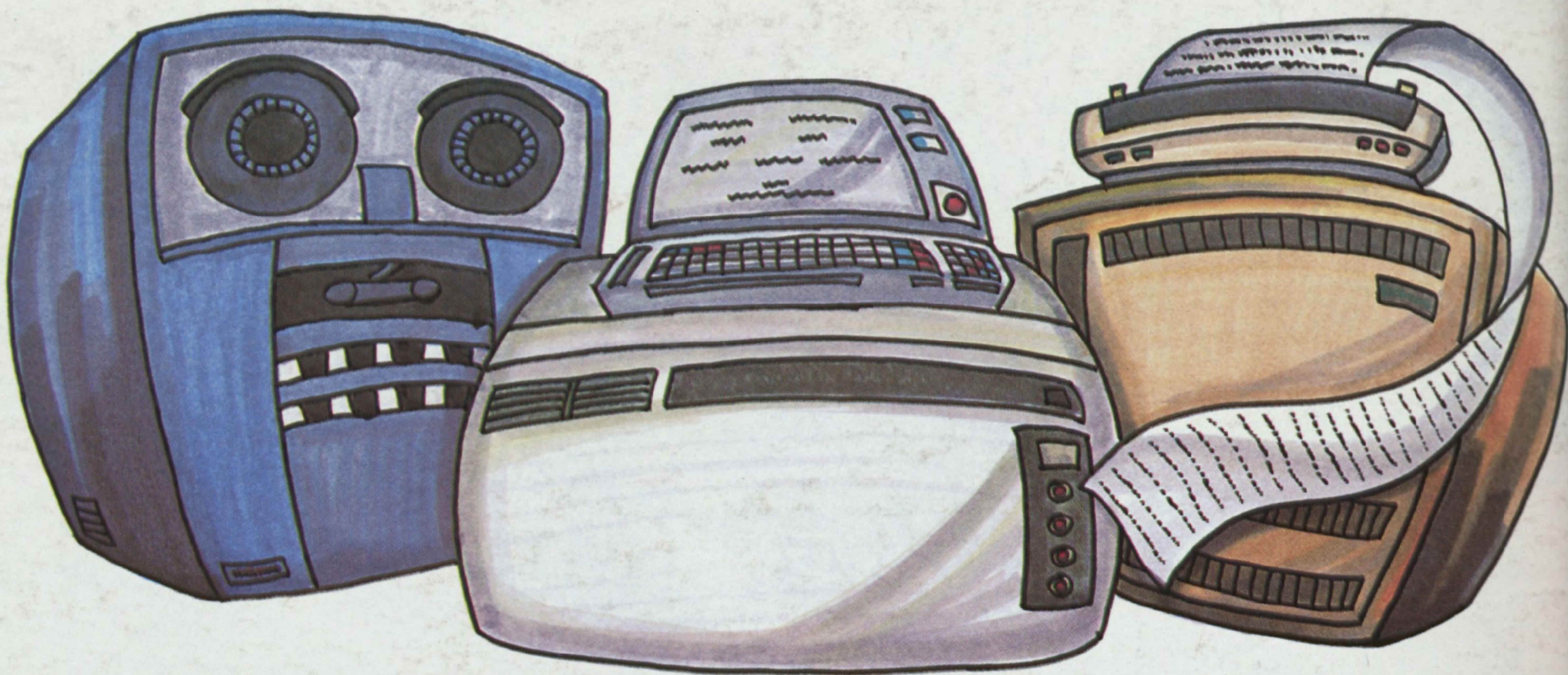
With the touch of a finger, it accelerates to the desired cruise speed. With the tap of a finger, it increases or decreases speed in precise one mph increments. And, with the push of a finger, it automatically resumes the cruise setting after clutching, braking or stopping. It's the factory installed, high-tech option designed for the advanced generation of GM automobiles and trucks.

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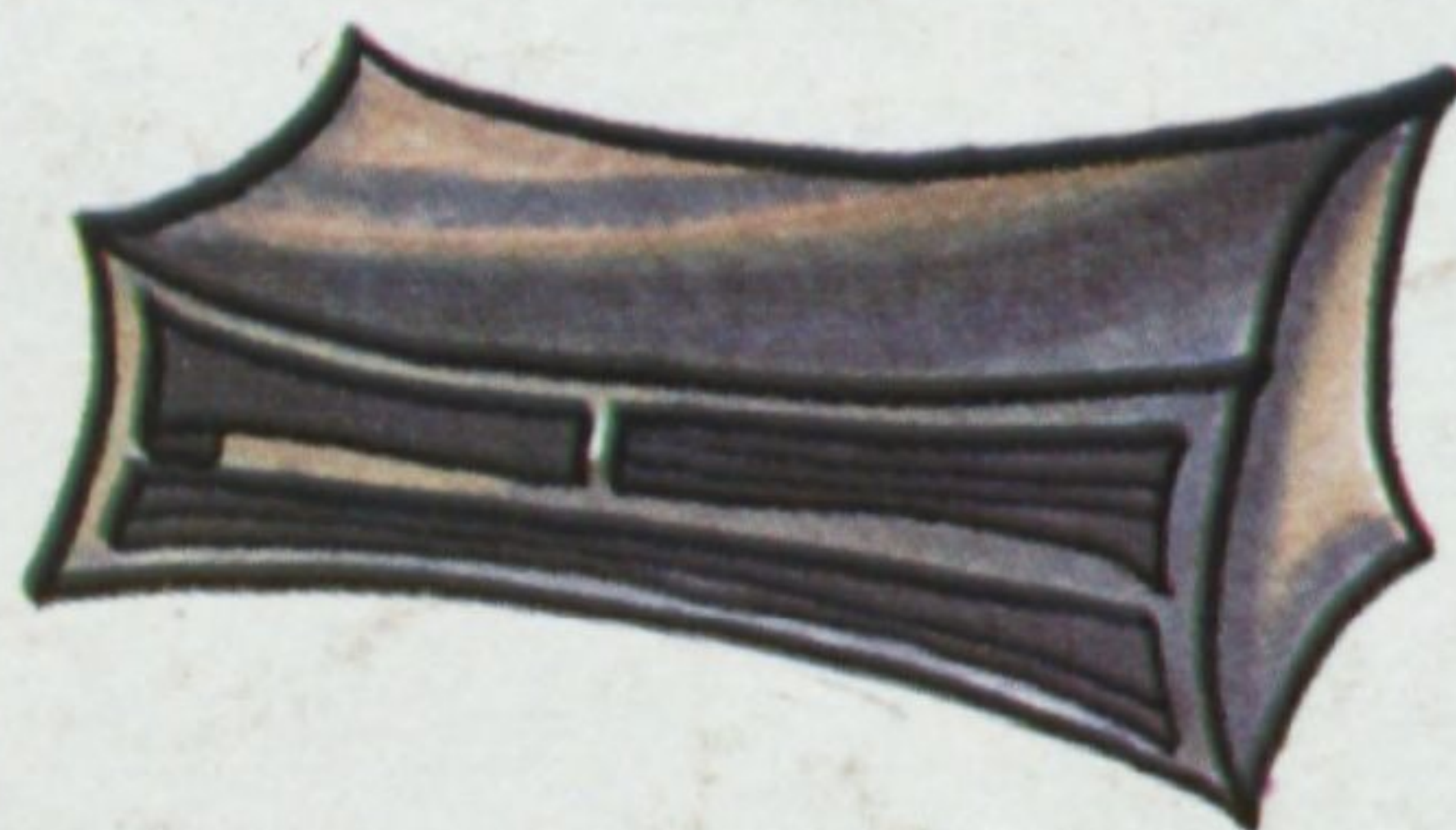
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